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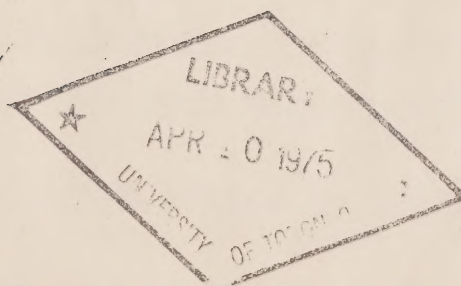
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Mr. MacDonald (Prince): It is your contention then that in the past a good deal of their thinking and decision-making has been kept in the dark, so far as the public is concerned?

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Mr. Kirk (Canadian Broadcasting League): I would say that for anyone to inform himself about what is going on would be an exceedingly difficult job; it would take a lot of digging and could not be obtained from what the board has published.

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(Excerpt from the Minutes of Proceedings, The Standing Committee on Broadcasting, Films and Assistance to the Arts, Tuesday, January 17, 1967, p. 1573.)

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## INTRODUCTION

Put quite simply, the consumer is interested in the actions of the Canadian Radio-Television Commission (CRTC) because this body determines, to a great extent, the mix and quality of radio and television programmes which he receives. In addition, the CRTC approves the level of rates which the consumer must pay to receive the superior programme mix and reception available via cable, and through cable licensing decisions the Commission decides whether or not cable will in fact be made available at all.

As the title of this study implies, the scope of research has purposely been kept quite narrow, concerning itself only with the consumer interest. The subject matter has been handled in the following manner. First, a historical background of broadcasting in Canada aimed at noting the developments which led to the creation of the CRTC is given. Next, the structure and powers of the CRTC are described. Following this, an attempt is made to define the "consumer interest" and to follow this up, an analysis of the CRTC hearing process and decision-making process is essayed. The following three topics are then dealt with: (a) consumer interest in the CRTC; (b) CRTC actions on behalf of the consumer; and (c) the issue of cable television licensing. The study finishes with a brief summary, conclusions and a statement of recommendations.

Because of the narrow scope of the study, a number of interesting questions relating to broadcasting in general have been neglected.





Most important among these is the method of allocating the spectrum and the possibility of selling broadcasting licences to the highest bidder. It was felt that these questions did not directly effect the consumer, particularly in Canada, where no licence fee is levied on broadcast receivers.<sup>1</sup>

The author has received excellent research assistance from Mr. R. Knowles, Miss K. Dean and Mrs. L. Levy. Mr. Knowles read most of the verbatim transcripts of the CRTC public hearings and the relevant parts of Hansard. He also contributed specific studies on broadcasting history, cable television and the CRTC public hearing process. The ladies carried out numerous clerical tasks, the most onerous of which was the creation of the system of index cards cross-classifying applications and applicants. As usual, however, this note of appreciation should in no way be construed as implicating any of the above three in any errors which might crop up in the report. The buck stops with the author.



## Chapter 1

### History of Broadcasting Regulation

Historically, broadcasting in Canada has had the following issues to contend with:

- (1) ownership regulation and control of the air frequencies
- (2) the amount of private and public involvement in broadcasting
- (3) the maintenance of the public interest
- (4) bi-cultural priorities
- (5) provincial vs. federal authority
- (6) the amount of political involvement
- (7) advertising and its role in communications
- (8) the amount of foreign ownership and involvement that would be tolerated
- (9) the development of a system specific to the needs of Canada
- (10) the sparse, yet widely scattered population.

In order to understand how the federal government has dealt with these issues, it is necessary to view the Canadian broadcasting system from an historical perspective.

From the beginning, control and regulation of the radio was vested in the federal government. With regard to broadcasting, the Radio Telegraph Act of 1913 showed the government's interest in the





scientific and technical matters of broadcasting as well as establishing the right of the federal government to issue broadcasting licences.

As the broadcasting industry grew the government saw fit to establish a Royal Commission in December of 1928. The Commission's objective was to examine the control, management, financing and future administration of broadcasting. Realizing that this medium could help establish a Canadian identity the Aird Commission<sup>1</sup> recommended that broadcasting should operate as a public service. But the basic recommendation of the Aird Commission, of one national broadcasting system, did not come to pass at that time.

The Canadian Radio Broadcasting Commission, a three-man panel set up by the federal government in 1932, proved to be inadequate. In addition, the private broadcasters were providing poor service in the early 1930's. As a result of these two developments, the new Liberal government of 1935 established a special parliamentary committee to study broadcasting in Canada. The recommendations of this parliamentary committee led to the passing of the 1936 Broadcasting Act. The Act was historically significant in that:

- (1) it established the basic idea that broadcasting should be as far removed from political control as possible;
- (2) it drew clear distinctions between management and policy actions;
- (3) it provided that development, control, and regulation of the Canadian broadcasting system was to be undertaken by the Board of Governors of the Canadian





### Broadcasting Corporation (CBC).

During the first few years of operation the CBC was moderately successful. But during the '40's and '50's operational problems developed. One of the major problems was that the Act never clearly defined the nature of broadcasting. The Corporation, not being a strictly profit-making body, was also faced with the dilemma of needing advertising revenue yet not wanting to become commercialized.

By the late '40's, growing dissatisfaction between the CBC and private broadcasters came to a head. Private broadcasters protested that it was unfair for the CBC to be both a regulator and a competitor of the broadcasting system. Headed by the Canadian Association of Broadcasters (CAB), they accused the CBC of limiting the number and wattage of private stations, of denying the formation of private networks, and of having unfair regulatory powers. Although there was some truth to the first two complaints the latter complaint was unjustified. However, in 1949 a new commission was established.

The Royal Commission on National Development in Arts, Letters and Sciences (The Massey Commission), was appointed in 1949 to investigate the state of the arts in Canada. The Commission believed that, due to Canada's geographical, social and economic conditions, a broadcasting system that was specific to these needs should be developed.

The Commission members had mixed opinions concerning private broadcasters. It was their contention that the private broadcasters had an important role to play. This role was one of supporting the national system; but, in surveying the performance of the private broad-



casters, the Commission found that there was little effort to foster Canadian talent, and only a minor attempt at the promotion of community interest. The general conclusion of the Commission was that Canada should be working toward a single national system of broadcasting.

The relative excellence of the rapidly developing American television systems and the increasing financial strains on the CBC (due to the high costs of television industry), brought about the appointment of another Royal Commission in 1955. The Fowler Commission is historically significant in that, at long last, private broadcasters were to be given recognition. The Commission recommended that there be a board whose task would be the regulation of both the private and public sectors of broadcasting--though Parliament should be in complete authority at all times. Although private broadcasters wanted two separate boards, one regulating private interests, and the other regulating public interests, the Commission claimed this would lead to friction between the two boards and increased costs due to the duplication of services. It is interesting to note that the Commission also recommended that a clear statement of broadcasting policy was necessary in order that the Canadian system function properly.

In 1958 the new Conservative government passed the Broadcasting Act of 1958. Under the provisions of the Act a new body, to be known as the Board of Broadcasting Governors (BBG), was to be established. The Board was entrusted with the powers of supervision and regulation of all broadcasting in Canada. Although the Board functioned adequately for the first year or two following its formation, several problems led





to its eventual downfall and the subsequent formation of the Canadian Radio-Television Commission (CRTC):

- (1) The Act was vague with respect to broadcasting policy.

This lack of clearly-defined policy made it difficult for the BBG to decide in what direction their decisions should point.

- (2) An immense burden was placed on part-time staff since most policy decisions had to be approved by the full board. The Act called for three full-time members and twelve part-time members. Even though full-time members had more experience their wishes could be vetoed by the part-time members. The fact that part-time members had less experience yet more power than the full-time members proved to be a fault in the structure of the BBG.

- (3) The Board could only make recommendations with regard to licences; the final authority was the Minister. The Board varied the time periods of licences as well as staggering applications. It was hoped that since these two procedures would give the BBG a longer period to examine each licence, stations would be forced to increase their level of performance. Although the Board's desire to increase performance was indeed worthwhile, ineffective legislation blunted effective action. The BBG made recommendations regarding licences to the Minister who in turn either





accepted or rejected the recommendation. The Minister did not have to report back to the BBG. This fact left the ultimate authority in the hands of the Minister and not the BBG and killed any effectiveness the Board might have had.

- (4) There were no clear lines drawn concerning the control of the Board of Broadcasting Governors over the CBC and disagreements began to arise regarding the amount of control the BBG would have over the CBC operations. Even though Part I of the Act made it quite clear that the final authority would lie in the hands of the BBG, grey areas such as the role of the BBG in regulating CBC affiliate stations, caused problems.
- (5) The BBG, although regarding performance of Canadian broadcasting as important, gave little attention to the quality of Canadian content. The Board did initiate legislation which would eventually bring program content in line with a 55% Canadian content requirement. However, this requirement was a quantity factor and not a quality factor. Thus, the broadcaster was free to broadcast cheap Canadian programs at the late or early ends of the day to adhere to Canadian content rules.

Growing dissatisfaction with the BBG and an increased concern over the performance of the Canadian broadcasting system led the govern-



ment, in May of 1964, to establish a three-man Committee chaired once again by Mr. R. M. Fowler. Using an informal structure, the Committee set out "to recommend a broadcasting structure for Canada which would insure that broadcasters were both free and responsible."<sup>2</sup>

It was the Committee's belief that primary emphasis must be placed on programming. Broadcasting recipients should receive "more varied, more balanced and more excellent program fare by all the agencies concerned."<sup>3</sup> The Committee expressed the opinion that the Canadian broadcasting system had become physically mature and that it was time it grew mentally.<sup>4</sup>

A belief in increased quality of programming led the committee to foster four main objectives:

- (a) a wide variety of choice programs
- (b) programming of high quality
- (c) increased responsibility of broadcasters to the individual and to society
- (d) the need for broadcasters to awaken all Canadians.

These objectives were to be served by private as well as public stations. Stressing the need for increased quality of programming, the Committee also recognized the need for a means of increasing the quality of the people who produce the programs. Commenting on this latter point, the Fowler Committee attacked broadcasters for steadily reducing their share of money devoted to Canadian programming. Broadcasters, upon receiving their licence, had promised to use Canadian content and abide by Canadian content regulations. These promises had





turned out to be meaningless. The BBG, in its regulatory role, had failed to insure Canadian consumers of a Canadian product. The Report of the Committee on Broadcasting made the following recommendations:

- (1) the creation of the Canadian Broadcasting Authority (CBA) to supervise, regulate and control all aspects of Canadian broadcasting, including the power to determine those who should receive licences;
- (2) morning television should be used for educational purposes;
- (3) the Authority should stimulate research into the needs and interests of the public;
- (4) the establishment and regulation of television and radio performance levels;
- (5) the establishment of an exchange system of programs;
- (6) private and public stations should have the responsibility of achieving the national purpose of greater communication, understanding and unity;
- (7) the CBC and private stations having matured physically must now grow mentally, a situation involving a concentration on quality;
- (8) the goals and objectives of broadcasting should be clearly defined by Parliament;
- (9) the CBC should compete in a more vigorous manner for advertising revenue.

In July, 1966, the government issued a White Paper on Broadcasting. This document reaffirmed the government's position that



"broadcasting in Canada is an essential part of the continuing resolve for Canadian identity and Canadian unity."<sup>5</sup> The White Paper also set forth as the objective for public policy "to preserve and strengthen the political, social and economic fabric of Canada."<sup>6</sup> After considering remarks from the Canadian Broadcasting League, the Canadian Association of Broadcasters, the Broadcasting Governors, the Canadian Broadcasting Corporation and other interested organizations, the government decided that many of the recommendations of the Fowler Committee should be implemented as soon as possible.

The White Paper held the position that the Canadian broadcasting system should be regarded as a single system which should be regulated by an independent authority. This independent authority should be free from improper influences and pressures. In light of this, the White Paper suggested that the Board of Broadcast Governors be reconstituted. The Government did not concur on the Committee's recommendation that the Authority should be responsible for management of the CBC, but recommended that legislation make it clear that the CBC was indeed subject to the regulatory powers of the Board of Broadcast Governors.

With regard to licences, the Board was to have full power subject to technical evaluation and certification by the Department of Transport. Licences were to be issued without reference to the Governor in Council, but provisions would be established to permit formal appeals to be made to the Governor in Council regarding the Board's decisions.

In general, the White Paper proposals were an indication of the government's goals, objectives and desires with regard to Canadian





broadcasting. The White Paper endorsed the government's views on objectives, general principles, regulatory authority, structure, programming, and ownership of Canadian broadcasting. The government indicated its desire to have the ultimate authority in the Governor in Council to provide direction but at the same time, trying to provide the Board with as much freedom as possible.

Late in 1966 and early in 1967, briefs from interested parties were submitted to the Parliamentary Committee on Broadcasting, Films and Assistance to the Arts. These briefs reflected private response to the White Paper proposals. The recommendations of the Parliamentary Committee and the White Paper led to the passing of the Broadcasting Act of 1968.

The Act of 1968, for the first time, made the government's policy intentions clear. Broadcasting in Canada was to:

- (a) safeguard, enrich, and strengthen the cultural, political, social and economic fabric of Canada;
- (b) protect freedom of speech;
- (c) ensure the rights of both English and French broadcasting interests;
- (d) provide a service which is predominantly Canadian in content and character;
- (e) reflect a broadcasting service which has a balance of entertainment for all ages, interests and tastes;
- (f) carry out actions in the public interest.

The Act of 1968 also called for the formation of the Canadian



Radio-Television Commission (CRTC). The Commission was to be composed of five full-time members and ten part-time members, appointed by the Governor in Council. It is quite clear, from section 15 of the Act, that the Commission was formed to carry out the policy aims designated in the policy section of the Act. In order to carry out the designated policy requirements, the Commission was entrusted with the following substantial powers:

- (1) regulation of all broadcasting licences, including the licences of the CBC;
- (2) making by-laws when necessary;
- (3) regulation of the quality and quantity of advertising;
- (4) regulation of networks;
- (5) assist, sponsor or promote research into the broadcasting industry;
- (6) conduct public hearings;
- (7) regulation of broadcasting performance, which includes the suspension of licences, after a public hearing, if standards are not being carried out;
- (8) regulation and supervision of CATV;
- (9) responsibility for providing "facilities" for educational broadcasting.

In comparison to the BBG, the CRTC has a greater degree of independence, has more power over the private stations and the CBC, and has its objectives more explicitly formulated. Both private and public sectors are under the complete control of the CRTC which appears to add strength to the whole system.





In summary, then, the Canadian broadcasting system may be looked at as a mixture of private and public interests that are controlled by a single body. The 1968 Broadcasting Act and the subsequent development of the CRTC have firmly established the following basic principles: (a) the air waves are public property; (b) every Canadian has a right to be serviced by as good a broadcasting system as possible in either of the two official languages; (c) Canadians must have effective ownership and control of the broadcasting system; (d) the Canadian system must operate in the public interest.



## Chapter 2

### The Structure and Powers of the CRTC

The CRTC makes its home at 100 Metcalfe Street in Ottawa.<sup>1</sup> The 5 full-time Commissioners were appointed in 1968 for terms not to exceed 7 years.<sup>2</sup> The Commissioners are as follows: Mr. P. Juneau--Chairman; Mr. H. Boyle--Vice-Chairman; Mrs. P. Pearce; Mr. H. Dornan; Mr. R. Therrien.

Biographies of the Commissioners indicate that all full-time Commissioners have had a great deal of experience in at least one facet of broadcasting.

The current complement of part-time Commissioners includes the following:<sup>3</sup> Mr. A. Cormier--New Brunswick; Dr. N. Frye--Ontario; Mr. G. Hughes--Nova Scotia; Miss H. James--Ontario; Mrs. G. Laing--Alberta; Mr. G. McKeen--British Columbia; Mr. J. Shanski--Manitoba; Dr. G. Thomas--Newfoundland; Mr. J. Hébert--Quebec; Mr. J. de la Chevrotière--Quebec. It should be noted that the provinces of Saskatchewan and Prince Edward Island do not have representatives among the part-time members, while Ontario and Quebec have two each. Only Miss James and Mr. Hébert appear to have had any background in broadcasting.<sup>4</sup>

The full-time members comprise the Executive Committee whose quorum is three. The Executive Committee is very powerful and, in many cases, can act on behalf of the entire Commission.<sup>5</sup>

As noted in the previous chapter, the powers of the CRTC are very wide, dealing with such diverse matters as prescribing classes of broadcasting licences, and setting the maximum amount of time available





for advertising. However, all decisions of the Commission must be taken "with a view to implementing the broadcasting policy enunciated in section 2 of the [Broadcasting] Act".<sup>6</sup>

It must be noted that the powers of the CRTC, although wide, are not absolute. The Broadcasting Act allows the Governor in Council to set aside any licensing decision made by the Commission on matters relating to the issue, amendment, or renewal of broadcasting licences.<sup>7</sup> With respect to this sanction, it is somewhat perplexing that the Secretary of State has stated that the Broadcasting Act "does not allow the government to give instructions to or ask the CRTC to reconsider its decisions when they concern refusal to issue licences".<sup>8</sup> Surely refusal to issue is part of the issuing function which is subject to government action. As noted by P. M. Mahoney, this could be interpreted as meaning that "the Commission is independent and cannot be instructed by Parliament".<sup>9</sup>

The most recent appeal to Parliament to change a CRTC decision resulted from the CATV licensing decision in Mississauga. This case is dealt with in detail in Appendix I. It is quite clear, however, that in this case there were no grounds for appeal because the CRTC decision dealt with an issue of a licence and not a renewal.

In addition to the possibility of action by the Governor in Council, the Broadcasting Act also allows for appeals to be made to the courts. The new Federal Court Act provides three alternative avenues of appeal from decisions of federal administrative agencies such as the CRTC. The Trial Division of the Federal Court of Canada has replaced



the Exchequer Court for exclusive original jurisdiction to hear and determine every application for a prerogative writ; the Appeal Division replaces the Supreme Court of Canada to hear, upon leave, appeals against the decisions of the Commission, upon a question of law or a jurisdiction, or to review or set aside a decision or order of the Commission.<sup>10</sup>

Since the implementation of the Broadcasting Act, there have been four appeals. They are as follows:

- (1) Confederation Broadcasting (Ottawa) Ltd. v. CRTC (1971), S.C.R. 906--This appeal was successful.
- (2) National Indian Brotherhood, et al. v. P. Juneau, et al, (1971), F.C. 66--appeal denied.
- (3) Emile Couture v. CRTC--this is an unreported judgement rendered from the bench F.C.C., November 28, 1969--appeal denied.
- (4) Acadian Cable TV Ltd. v. CRTC. Unreported judgement, S.C.C., May 6, 1971--appeal denied.

Assisting the Commissioners are approximately 286 employees. These employees work in one of the following branches:

- (1) Finance and Management Services Branch; (2) Information Services Branch; (3) Personnel Branch; (4) Legal Branch; (5) Technical Branch; (6) Licensing Policy and Administration Branch; (7) Planning and Development Branch; (8) Research Branch; (9) Broadcast Programs Branch.

(A detailed staff breakdown is attached as Appendix A.)<sup>11</sup> The main functions of each of the branches are noted on the attached staff breakdown.



## Chapter 3

### The Consumer Interest

While much has been written about the "public interest", there appears to have been no extensive consideration given to the "consumer" element of the "public" as it is affected by broadcasting regulation. From a purely technical point of view, the consumer interest as such is not mentioned in Part 2 of the Broadcasting Act. The Act does, however, state that a public hearing can be held if "it would be in the public interest to hold such a hearing in connection with...a complaint by a person with respect to any matter within the powers of the Commission."<sup>1</sup> The Act also states that public hearings can be held anywhere in Canada.

There has been very little comment about the consumer interest and the CRTC during House debates. However, some concern has been expressed during various public hearings, particularly those of the House Standing Committee on Broadcasting, Films and Assistance to the Arts and the Special Senate Committee on the Mass Media. Here follows a summary of the relevant public discussions since 1967.

When the 1968 Broadcasting Act was first discussed before the Standing Committee, concern was expressed that the public might not know about CRTC hearings and decisions if they were only published in the Canada Gazette. To quote Mr. Prittie, "Not too many people you know read the Canada Gazette."<sup>2</sup> As a result of this complaint, the relevant section of the proposed Act was redrafted to allow for the publication of decisions and notices of hearings in "one or more newspapers





within the area normally served or to be served by the broadcasting undertaking to which the decision relates."<sup>3</sup>

Another member, Mr. Barnett, indicated severe dissatisfaction with the central process as suggested by the proposed Act and suggested that the public might be better served if the House could give an expression of opinion by way of resolution. This would be done by an arrangement under House rules whereby, from time to time, there could be a motion "that this House express its opinion to the CBC or the CRTC". The motion would be debateable and amendable. A debate would follow which would "provide proper focus for the expression of the views of members of this House and through them the people of Canada."<sup>4</sup>

Most of the discussion of the role of the public in the CRTC decision process has taken place in dialogues between Parliamentarians and the Chairman and Vice-Chairman of the CRTC. The following are specific examples culled from the public record:

"The Chairman (Mr. Davey): Well then, maybe I can draw you out on one other remark you made in another speech. You talked about the public hearings of the CRTC and you said that the citizens had a chance to come to the meeting, and I quote you, 'Unfortunately, too few came forward.' How are citizens informed of CRTC hearings? Is the only way that citizens learn of the public meetings by those dull stereotype advertisements that the CRTC puts out?

Mr. Boyle: I think we have allies in a group of very active people in other forms of media in this country who are concerned about it and who constantly keep referring to hearings, and incidentally keep referring to the fact that the hearing is a form of democratic expression which could only remain democratic if the public does participate in them. Now, as to the business of whether we have commercials for the hearings --we haven't progressed to that point as yet.

The Chairman: You know, I know I shouldn't have asked you any questions. Don't you think that if you seriously wanted to get greater participation at those public hearings you could?



Mr. Boyle: I may say that it struck me when I came to the Commission that it was a peculiar omission that when stations, which by broadcasting undertakings, were appearing before the Commission for the very vital part of their life--the renewal of their licence or transfer of their licence--these announcements were only being made in newspapers. Yet on the other hand, they were saying, they were potentially the most vital form of communication in the country. You will notice that in the draft regulations, we are now inspiring the stations themselves to publicize the fact that they will appear at a certain time before the Commission. I feel, if I may be allowed to make a personal comment, that the public hearing is a place where all those people who are concerned should make representations about their concerns about broadcasting. I realize it is difficult because we hold hearings in certain parts of the country, but there is a procedure by which they can make known to the Commission their views in terms of a particular broadcast organization. And while some broadcasters--not all but some broadcasters--have resisted the fact that we encourage the public to make representations to the Commission, this is a democracy. Everyone living in a community has the right to express his feelings and views about how he considers the Commission should be discharging its responsibilities."<sup>5</sup>

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"Mr. Stafford: Mr. Juneau, you say that these proposals are made subject to a public discussion of approximately seven days. Is it not correct that you heard mainly vested interests and that you have not interviewed that large segment of the public to hear their...

Mr. Juneau: We do make these proposals public, Mr. Stafford and we do invite comments. We advertise in all the newspapers throughout the country. A fair number of newspaper articles have been written also on the subject. One would hope that the broadcasters have talked about it on their stations. Through these various means, the public has been made aware of those proposals and were invited to prepare briefs and to appear. Indeed, there were members of the public who have appeared and who had no vested interest.

Mr. Stafford: I said mainly vested interest.

Mr. Juneau: Well, you may be right."<sup>6</sup>

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"Mr. Roy (Timmins): When have your members specifically gone to the public to find out about their views, needs and desires?

Mr. Juneau: I think perhaps I would like to ask them about that. I think the public goes to them more often than they go to the public.

Mr. Roy (Timmins): But should the initiative not be with the Commission?





It is your duty and responsibility to serve the Canadian citizen. Should the initiative not be yours to go and find out from the public, rather than just wait until they meet you on the street and let you know what was going on or what they want?

Mr. Juneau: Again, I would like to say, Mr. Chairman, that we follow the usual procedure of public bodies established by Parliament and we have not come to the conclusion that the right way to go about this would be to check whether our mandate should be confirmed by our conducting public opinion polls.

Mr. Roy (Timmins): Would you say that your Commission of 15 members would have more capability to judge the public desire and needs than the public itself? Are you in a better position to judge what they need than they are?

Mr. Juneau: We do not try to.

Mr. Roy (Timmins): Well, then how can you serve responsibly the public that you are trying to serve if you do not want to know what they want?

Mr. Juneau: We try to find what they want. We think we are told by the members of Parliament in the broad lines what the objectives have to be."<sup>7</sup>

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"The Chairman: That may well be, but the procedures are very similar. The idea of throwing out policy papers and having a public debate and then making a decision once the views of all concerned have been heard, is the precise formula which is being followed now by the federal government. Mr. Boyle, did you want to make a comment?

Mr. Boyle: I am not quite sure of the proper Parliamentary protocol, but can the fish shoot back from the barrel?

The Chairman: Of course.

Mr. Boyle: I would like to make one point very clearly and that is the fact that after only two years' experience in any particular form of regulatory body, I would like to make it clear that there is a tremendous amount of consultation between members of the Commission and the public and that it is a constant matter, both from groups and individuals and all kinds of...

Mr. Roy (Timmins): Could you name some of these people and individuals, please, if such a consultation has taken place?

Mr. Boyle: Consultations are constant from the point of...



Mr. Roy (Timmins): Then you must be able to name some of them.

Mr. Boyle: I can name you Sir George William University, graduate class, political science; I can name you a group that I was with last night which was simply a group of credit managers; I can tell you that tomorrow morning there are 500 or 600 members of the Association of Canadian Advertisers and that next week there will probably be 1,500 members of the Canadian Cable Television Association...

Mr. Roy (Timmins): Where does the public come in, Mr. Chairman? This is what I want to know?

Mr. Boyle: Are they public or are they not, Mr. Roy?

Mr. Roy (Timmins): No, they are not. We are talking about...

The Chairman: Order, please, order. Order here."<sup>8</sup>

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In addition to these statements before Parliamentary Committees, Mr. Boyle in particular, has professed a concern about the consumer in a number of public speeches. In particular, he has noted many times that he is "a proxy holder for the public." But as a proxy holder, he seems to realize the problem of getting the feeling of his constituency. This is brought out most clearly in a speech made in March, 1971, excerpts of which follow:

"I said I consider myself a proxy-holder for the public. But, how do you keep contact--maintain a sense of public pulse--digest the engulfing mass of material on technological development--and, indeed, sort out its relevancy since the vast majority comes to you from special and vested interests?

The CRTC has sought public participation. It has used the public hearing to enquire widely into everything from extension of service to cable's penetration, to Canadian content, to community cable programming and the future of frequency modulation. It has compelled broadcasters to use their own facilities to announce the subject matter of their applications. It has held hearings from Halifax to Vancouver!

Public participation is still inadequate. That's understandable. Broadcasting is a kind of mystery to the general public--complicated and technical. The phenomenon is that while it is labelled as communications, it has provided less and less access to the general public as it has developed."<sup>10</sup>

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It is apparent from the preceeding that the public hearing is considered to be the main sounding board for consumer opinion. The degree to which the hearings are used by the consumer will be analysed in the next chapter.

One other source of collection of opinions of the consumer interest which does not seem to have been subject to public analysis is the part-time Commissioners. Given the locational diversity of these people, it would appear that they would be an excellent sounding board. In an effort to assess their importance as possible consumer-interest advocates, each of the Commissioners was surveyed by mail. A sample letter is attached as Appendix B. Seven part-time Commissioners responded.<sup>11</sup> The responses are tabulated in Table 1.

The overall lack of consumer contact on the part of the part-time Commissioners is not a source of concern to the CRTC. In a personal interview, one of the Commissioners expressed the feeling that it never was considered that the role of the part-time Commissioners should be that of a local representative. They are fully occupied for 30 days a year in public hearings and Commission meetings. To impose another task on them would be unfair and might in fact lead to a lack of willingness to serve as a part-time Commissioner.

Before concluding this chapter, note should be made of two organizations, whose main aim is to reflect consumer opinion--the Canadian Broadcasting League and the Consumers' Association of Canada.

The first--the Canadian Broadcasting League--is the most important organization to be considered. In general, its sole purpose





Table 1: Summary of Replies of Part-time Commissioners

	Phone calls per month	Letters per month	% Programme content	% AM Radio	% FM Radio	% Commer- cial TV	% CATV	% Educa- tional TV	% Other	Do you keep file of comments?	Large-scale represen- tations
Commissioner A	90	5	15	10	5	20	30	10	10	yes	Only at public hearings.
Commissioner B	3	1	50	--	-	--	--	--	50	yes	Local Boards of Trade with ref- erence to exten- sion of service.
Commissioner C	3-4	2-3	15	15	5	20	15	2	28	yes	no
Commissioner D	nil	nil	--	--	-	--	--	-	--	N.A.	N.A.
Commissioner E	nil	very few	--	--	-	--	--	-	--	N.A.	no
Commissioner F	1	1-2	95%	--	-	--	--	-	5%	yes	yes--Sesame Street and FM service.
Commissioner G	nil	nil	--	--	-	--	--	-	--	N.A.	no



is to reflect the consumer interest in broadcasting. The Broadcasting League is an affiliation of associations and individual members including 32 principal national and regional organizations. In addition to the 32 organizations, a few hundred individuals have purchased memberships in the League. One of the major affiliated organizations is the Canadian Labour Congress, so if one wanted to look at the data optimistically, the total membership of the League is really over one and one-half million people. The Broadcasting League is financed by fees and grants from affiliated organizations and from members.

The Canadian Broadcasting League supports the following specific policies: (a) a national broadcasting service, comprising both public and private elements; (b) all policies regarding broadcasting in Canada should reflect the fundamental principle that the air waves are the property of all Canadians; (c) Canadian ownership of Canadian mass media; (d) the development of a strong and viable Canadian film and television production industry; (e) promotion of Canada's creative resources--writers, performers, actors, and musicians. The honorary president of the Canadian Broadcasting League is Mr. Graham Spry, who serves on a voluntary basis. Although the League has operated on a proverbial shoestring up to this point, it is hoped that by early 1973, the League will be able to expand its activities and in fact, hire 3 or 4 full-time staff.<sup>12</sup>

The League assesses the consumer's desires by subscribing to three clipping services, that of the Canadian Radio-Television Commission, that of the Canadian Broadcasting Corporation and the CBC





Daily Summary. In addition, the League receives 20 to 50 letters a month and these letters, it should be noted, come from both members and non-members of the League. The League also holds conferences, the latest being a year ago. Finally, Mr. Spry sees individuals every day and so he is constantly assessing a limited sample of consumers' desires with regard to broadcasting.

Mr. Spry considers that the overall success of the Broadcasting League has been moderate. However, he feels that there has been some significant success in local issues. An example of this is the case of the CBC purchase of the station in the Moose Jaw-Regina area in Saskatchewan. Mr. Spry initiated action amongst many important people in Saskatchewan on this issue and he feels that the pressure which they have brought upon the CRTC helped in obtaining the licence for the Canadian Broadcasting Corporation. Mr. Spry feels that, at present, the consumer just does not care where his broadcasting comes from. He notes that this is a vast change in opinion from the early 1930's. In 1932, there was a nationalist concern. However, this has definitely fallen off in the ensuing period.

The League has just started publishing a newspaper called Telenation. The first issue of this newspaper appeared in the summer of 1972. It is hoped that the proliferation of this newspaper will encourage more people to become aware of facts about the broadcasting industry.

The second organization, the Consumers' Association of Canada (CAC) is, in fact, an institutional member of the Canadian Broadcasting League. The Association gets about 50 letters a day, the majority of



which deal with products and advertising and most of these are dealt with by sending them to Box 99 in Ottawa. If a broadcasting complaint comes to the Association, it is probable that the complaint will go to the research department and if it appears to be an important and valid complaint, there is a possibility that a resolution will be passed at an annual meeting. Of special interest for this study is the fact that the Association is currently carrying out a television monitoring survey, the main emphasis being on children's TV advertising.

Note should be made of two local CAC organizations which have been active in broadcasting matters. The Halifax County Branch of the Consumers' Association of Canada made a presentation to the CRTC at the public hearing in Halifax on March 16, 1971. This hearing created a precedent in that the Commission for the first time decided to allow outside, non-professional organizations to make their feelings known without having to go through the long legal waiting period required for most presentations before the Committee. Another result of the Halifax hearing was the fact that the CRTC decided to make applications more readily available to interested individuals.

The Consumers' Association of Quebec has formulated a resolution concerning cable television which was passed at its annual meeting in April, 1972.

Note has been made of the for the sake of completeness. In general, however, this organization appears to be an unimportant source of consumer opinion regarding broadcasting.

It is apparent, then, that avenues of communication on broad-



casting matters are open to the consumer. Let us now turn to the task  
of assessing how much these avenues are used. ✓





## Chapter 4

### The Hearing Process

As noted in the previous chapter, the public hearing is deemed to be the main source of information as to what are the desires of the consumer with regard to broadcasting. During the period 1968 to March, 1972, the CRTC held 37 public hearings. The dates and sites of these hearings are noted in Appendix C.

The rules for the hearings have become somewhat more flexible in that community groups or individuals can now be placed on the agenda with only two days notice. Formerly, groups of this type had to go through the normal application period.<sup>1</sup>

It should be noted that not all applicants or interested parties are required to appear at public hearings. The Commission can and does allow non-appearances.<sup>2</sup> The decision as to whether an appearance will or will not be required depends mainly on two factors: (a) whether there is an intervention (opposition to an application); (b) whether the Commission desires more information than is provided in the application or brief.

To see how important these hearings are for the consumer interest, an analysis was made of all hearings held during the period April, 1968 to January, 1972.<sup>3</sup> In particular, the transcripts of all public hearings were read and names of individuals appearing were noted in two ways. First, an index file was set up and a card was created for all



individuals who made formal appearances at the public hearings involving applications.<sup>4</sup> Note was made of whom the individuals represented and how successful they were. In all, records of this type have been created for 1,459 people. The distribution of people by number of appearances is recorded in Table 1.

**Table 1: Distribution of Number of Appearances  
Made at Public Hearings**

<u>Number of Appearances</u>	<u>Number of People</u>
1	967
2	236
3	101
4	56
5	23
6	27
7	11
9	9
10	3
11	5
12	3
14	4
15	2
19	4
20	1
21	1
23	2
24	1
26	2
44	1

A sample index card appears as Figure 1.

Figure 1: Sample of Appearance Information Index Card

[illegible]



The "hearing" column on the card refers to the specific application about which the individual was appearing. All hearings have been indexed sequentially on master hearing cards which are described in the next chapter. The "purpose" column indicates whether or not the individual appeared on behalf of or against the applicant in the hearing in question. The "result" column indicates whether the applicant was or was not successful in his request. The importance of the data in this column will become apparent when we analyse what, if any, factors influence the success rate of individuals attending hearings.

The second list was created for those people presenting briefs at general interest hearings. Cards were not created for these individuals since a success rate could not be computed for this type of hearing as no specific decisions were involved. Note was made of individuals who produced the 121 briefs at these hearings.<sup>5</sup>

Although the number of people appearing at public hearings is quite impressive, the important question for our purposes is how many of these people represented the consumer interest? In an attempt to answer this question, all index cards were first vetted to delete those people appearing at application hearings who had definite "business" interests in appearing at the hearing in question, i.e., station owners and their lawyers, accountants, engineers, etc. It was possible to do this because at the hearings, individuals are usually introduced by name and occupation. This vetting indicated that all but 52 of the individuals appearing at application public hearings could definitely be associated with business interests. Of the remaining 52, 21 were elected public





officials and the remainder did not indicate where their interests lay. Accordingly, we cannot even be sure that these 31 did not represent business interests.

A vetting of the general interest hearings indicated that of the 121 briefs, 8 were presented by governments, 6 by university groups, 82 by business interests (including the CBC), and 25 from what may broadly be termed the consumer. However, one must be careful to note that many of the so-called consumer briefs came from public figures connected with the communications industry, such as Pierre Berton, Gratien Gelinas, and Kenneth Bagnell.

In total then, the above data seem to indicate that the public hearings are hardly a forum of opinion dominated by the consumer. Perhaps one of the reasons for the small amount of consumer presentations at the public hearings is the cost and trouble involved in making an appearance. To assess this possibility, letters were sent out to 22 of the 77 individuals who were noted in our files as possibly representing the consumer interest at public hearings.<sup>6</sup> Only 22 letters were sent out because it was impossible to ascertain the addresses of the remaining individuals. A sample letter is attached as Appendix D.

As noted above, the aim of the letters was to find out what costs were involved in making a presentation. Eleven replies were received. Of these, 5 indicated that the individuals involved were not representing the consumer interest at all, but a business interest. (It is interesting to note that if one were to project this ratio, it would mean that of the 77 people whom we have named as possibly repre-



senting the consumer interest, only 42 actually were representing the consumer.) In addition to the five letters already noted, 2 replies did not answer the specific questions. The results of the 4 useable replies are summarized in Table 2.

Table 2: Replies of Respondents to Cost Questionnaire

<u>Respondent</u>	<u>Time in Preparation</u>	<u>Costs of Preparation</u>	<u>Costs of Presentation</u>	<u>% Self-Financed</u>
A	3 months	Nil	Flight Toronto to Montreal	All of flight expenses
B	8 hours	Typing of draft	Flight Toronto to Ottawa and meals	100%
C	Not answered	\$150	Nil	None. Contributions were made by interested citizens.
D	3 1/2 days	\$1500	\$1820	14%

Since it is apparent from these 4 replies that the costs involved in making a presentation are at least non-negligible, the question arises as to whether some support should be made available to consumers to aid them in drafting and making presentations. Lazarus and Onek have recently analysed this problem in the Virginia Law Review,<sup>7</sup> and have proposed two solutions: (a) make legal assistance available within the regulatory agency for those desiring it; (b) have a fund available within the regulatory agency to pay for the expenses of interested consumers.

The proposal appears to have merit. However, two of the three



Commissioners who were interviewed were against the proposal. Both opposing Commissioners felt that assistance was not necessary because lawyers were not required in drafting briefs, i.e., they stressed the informality of the public hearing meetings. The third Commissioner allowed that the plan seemed sensible. However, there does not seem to be any chance for implementation of a plan of this type in the near future because of budgetary constraints.

In summary, then, we have seen that the public hearings are hardly forums filled with advocates of the consumer interest. The replies to the letter indicate that the expense of preparing and presenting a brief may be one of the causes of lack of consumer representatives.





## Chapter 5

### The Decision-Making Process

At the start of the project which produced this report, it was envisaged that a detailed analysis would be made of the decision-making process. In particular, we had hoped to look at the voting patterns which developed on each decision made by the Commission to see if a predictable pattern emerged. For example, given data on the background of the Commissioners, such as residence, place of schooling, political party and like data on the applicant, statistical tests could be carried out to see if voting patterns were in fact predictable.<sup>1</sup> Unfortunately, this research plan was rendered inoperable because of the refusal of the Commission to make public the minutes of their decision-making meetings.

The fact of the matter is that no one outside the Commission knows exactly how and why CRTC decisions are made.<sup>2</sup> This fact was brought home quite forcibly by Mr. Juneau in one of the early public hearings of the Commission. At the CRTC hearing on February 6, 1969, the following exchange took place:<sup>3</sup>

"Mr. Bruce Thomas (Counsel for Mr. B. G. Nicholls): Thank you. Mr. Chairman, and Members of the Commission, I think that the first thing that has to be recognized is that there was a meeting of interested parties with the Bell Telephone Company on a certain date and at that time it was decided by the Bell Telephone Company that two million running feet would be an allotment to each of the five applicants who were before the company at that time. I think that that indicates that the fundamental decision as to who would do what, where, and when was basically placed--that the decision was taken by the Bell Telephone Company as to how the city of Toronto and the metropolitan area there around was to be appropriated.

I think that the Commission should ask this question of itself first. If Bell decided that two million feet was to be the allotment to



each operator, and it was their decision, I say they, the Commission, must decide is that a fair--is that a just--is that in the best interests of the public and in the best interests of the broadcasting community who are interested in serving the public in Toronto. Whose decision should it be that each party gets two million feet and one applicant gets four million feet. I hope that the Commission is not in any way impressed with the subterfuge used by one applicant here, Rogers Broadcasting Company, to come before you and ask for double the amount of territory requested by any other applicant. I hope that the Commission is cognizant of the fact that this applicant and the companies in which the applicant is financed--by which it is financed--is engaged in every level of the media in the Metropolitan Toronto area. I think it is patently foolish for them to come here and suggest they are protecting any minority interests. I think this is asking the Commission to swallow more than I could swallow when I listened to Mr. Goodman suggest that he was here to protect two people with five per cent. It seems to me that the Commission should have asked about this five per cent each. How did they come to establish a five per cent basis? Why didn't they take over the entire company--isn't that a subterfuge which has been used by one applicant to get around an allotment that was made by the Bell Telephone Company which now appears to be a very comfortable arrangement to everyone except those persons who are not privy to that agreement--so that it is a comfortable arrangement for them, but if this Commission is to consider its function as to encourage broadcasting and encourage broadcasters and individuals to enter into this industry--if they are to consider that as part of their mandate, to determine what is in the public interest, then I think they have to go beyond what has been proposed to them by the members of the club.

If you are to be deluded into thinking what someone comes here and says--

The Chairman: Mr. Thomas, I would ask you to be a little more careful about the language you use as to the behaviour of the Commission. For the time being you have no idea what the Commission or how the Commission is judging the applications that were made. You have no idea whether the Commission has the information it requires or not. You have no idea how this Commission is evaluating that information. I would ask you to keep these ideas in mind in phrasing your application."

This lack of public information about the decision-making process, which until very recently has been combined with the issuance of extremely terse public announcements of the reasons for decisions, has been decried by a number of people, most of whom are in the broadcasting industry.

In personal interviews, three of the full-time Commissioners



defended their secretive decision-making process along the following  
lines. They felt that secrecy led to a lack of legalization of the  
decision-making process and made possible the attainment of a consensus  
amongst the Commission. In particular, the veil of secrecy would lead  
to a more frank hearing of opinions. One of the Commissioners also  
felt that if a system of published dissents was set up (a system such  
as exists in the United States), there might be a chance that certain  
members would dissent for dissent's sake. It was noted that a prime  
example of this type of behaviour would be the public dissents made by  
Mr. N. Johnson, a Commissioner on the Federal Communications Commission.

Although the path was blocked for a detailed analysis of the  
decision-making process, an attempt was made to analyse one particular  
parameter of the process using sources which were available to the pub-  
lic. In particular, we assessed whether rates of success of people  
making appearances before the CRTC, were related to the number of app-  
earances which they made before the Commission.

Theoretically, one could think of reasons both for and against  
a positive relationship between the rate of success and number of app-  
earances. A succession of appearances could cause people to become more  
experienced and with this experience, they could find out what points to  
stress. However, it could also be true that familiarity might breed contempt.

Because of time limitations,<sup>4</sup> the analysis was limited to  
individuals making four or more appearances before the Commission. Use  
was made of the individual index cards described in the previous chapter





and of master hearing cards. A sample of the latter is exhibited as Figure A.

Figure A: Example of Master Hearing Card

Location to which Application applies	-Reason for application a) Radio licence (new or renewal) b) TV licence (new or renewal) c) CATV licence (new or renewal) d) Stock transfer
Date of Hearing	
Individuals appearing on behalf of Application Name - Occupation	
Individuals appearing against Application Name - Occupation	
Summary of Arguments for and against	
Result - CRTC Decision Number	
Reasons for Decision	

Unfortunately, decisions were not available for all the applications. For many cases of this type, the reason was simply that decisions have not been reached. However, for a number of cases (some of them dating to 1969), the reason was not available. The secretariat of the CRTC had, unfortunately, neither the time nor the staff to supply specific reasons for the lack of reported decisions.

The analysis took the form of a simple correlation analysis correlating the number of appearances made (APPEAR)<sup>5</sup> with the following variables: (a) overall success rate (GENSUC); (b) overall success rate when opposition was present (GSANTI); (c) overall success rate for TV applications (TVSUC); (d) success rate in TV applications when opposition was present (TVANTI); (e) success rate in CATV applications (CABSUC);



(f) success rate in CATV applications when opposition was present (CSANTI); (g) success rate in stock transfer applications (STKSUC); (h) success rate in stock transfer applications when opposition was present (SSANTI); (i) success rate in radio applications (RADSUC); (j) success rate in radio applications when opposition was present (RSANTI).

The correlations are presented in Table 1.

Table 1: Simple Correlations Between Number of Appearances  
Made by Individuals and Various Success Rates

GENSUC	.17804 <sup>6</sup>
GSANTI	.39018
TVSUC	-.11707
TSANTI	-.12341
CABSUC	.18402
CSANTI	-.08901
STKSUC	-.30126
SSANTI	-.06401
RADSUC	-.25975
RSANTI	-.48119

The results in Table 1 present no clear pattern. Only one of the correlations--RSANTI-APPEAR--is significant at the 95 per cent level.<sup>7</sup> However, it is interesting to note that 7 of the 10 correlations have negative signs. Accordingly, this simple test does not indicate any bias in CRTC decisions relating to the number of appearances made before the decision.

Although the rather meager results of this chapter exonerate the Commission from any immediate claim of bias, it must be stressed that a much more detailed analysis of voting behaviour would be required before any conclusions could be made with a high degree of certainty.



## Chapter 6

### Consumer Interest in the CRTC

Throughout this report, we have been basically looking at the general relationship between the CRTC and the consumer interest. In this chapter, we ask the question--does the consumer know about or care about the actions of the CRTC? Our attempt to answer these questions has taken two forms. First, we looked at a sample of consumer comments to the CRTC (both of a complaining and an approbatory nature) and secondly, we carried out a survey to try to assess the amount of consumer knowledge of and interest in the CRTC.

The analysis of consumer comments unfortunately proved to be somewhat biased, for reasons beyond our control. The reasons for the resulting bias give some insight into communications problems which exist within the CRTC. On May 26, 1972, a letter was sent to Mr. Juneau requesting permission to view letters containing consumer comments. In early June, the author visited Ottawa and was informed that Mr. Juneau had given this permission. He was also informed by three responsible officials that all letters of consumer comment were filed in the station or company files which were accessible at the Public Hearing room in the CRTC. Accordingly, the author carried out a detailed search of a number of files to see how many letters from consumers they contained. In summary, the files for 33 TV stations, 25 radio stations and 19 CATV companies were reviewed<sup>1</sup> and summaries were made of which files were assessed and what was the source of consumer comments. These summaries are attached as Appendices E, F, and G.





It was only on the last day of the final data collection visit to Ottawa in late August that it was discovered that access had not in fact been granted to all consumer comments. The public hearing files which were supposed to contain all comments only contained consumer letters which were received when a station or company was to appear at a public hearing with respect to an application. (The application could be for licensing, relicensing, or stock transfer.) It was discovered that consumer comment letters which were received about a station or company between appearances at public hearings (a period that could span five years), were kept in separate confidential files. When questioned about this apparent mix-up, Mr. Juneau checked his files and reaffirmed that permission had been granted to view all consumer letters but he could explain neither why misinformation had been disseminated nor why all files were not made available.

It is our view that the above incident did not occur because of malicious intent but was merely a result of the extremely hierarchical structure in the CRTC. This information flow problem will be discussed more fully in the Summary Chapter.

The data in the appendices, although incomplete, do indicate two interesting results. First, in 59 cases (25 TV, 18 radio, 16 cable) there are no consumer complaints on file. In an additional 7 cases, there is only one letter on file. Thus, in 77% of the files analysed, there is no indication of consumer interest and in an additional 9%, minimal interest has been exhibited.



The second point of interest is the reaction of the CRTC to cases of massive public interest exhibited in these files. In two of the television files assessed (Nos. 1 and 8), no positive reaction to the files appears to have taken place. There is no CTV outlet in Prince George and a review of the verbatim report on the 1971 CBC TV hearing reveals no inducement to improve reception in Pictou County. However, with regard to the other TV files containing large petitions, all the requests made by the petitioners have come about. This is also true in the case of the two radio files containing large amounts of consumer correspondence (Nos. 2 and 4). The latter file (for station CKUA) is particularly interesting since it concerns a case in which consumer pressure seems to have brought about a change in broadcasting policy.

On 4 June, 1970, the Direction of the Governor-in-Council P.C. 1970-992 (SORI70-241) was issued stating that renewals of licences could not be granted to educational institutions for a term lasting beyond March 31, 1972.<sup>2</sup> In Decision 71-42 the CRTC renewed the licence of CKUA until March 31, 1972.<sup>3</sup> The Commission received a great number of letters concerning this situation although all the Commission was doing was carrying out a government directive. As a result of this pressure on the CRTC and subsequent talks between the CRTC and the Office of the Secretary of State, a new Directive was issued (Order in Council P.C. 71-2857) and in Decision 72-28, the CRTC renewed the licence for a further two years.

The above chain of events has been stated as if consumer pressure directly brought about a loosening of policy. Such a strict inter-



pretation may in fact overstate the case but it is our opinion that this is one case in which the consumer did have an effect on broadcasting policy.

The second question we set about to attempt to answer in this chapter was the extent to which the consumer knew of and cared about the workings of the CRTC. To assess this question a questionnaire was administered to 797 undergraduates at McMaster University. A copy of this questionnaire is attached as Appendix H.

Undoubtedly, the claim of bias can be raised against this survey as it deals not with the broad spectrum of consumers but only with a supposed "elite"--university students. Accordingly, we must keep in mind that respondees should on average be more "informed" than the rest of the consumer population.

The questionnaire was administered at the start of individual classes and was collected immediately upon completion. 224 responses are from students in Faculty of Science classes and the remainder are from students in Faculty of Arts classes.<sup>4</sup>

The major result of the survey is the fact that 335 students answered "NO" to question 1, i.e., 44.5% of the respondees claimed that they had never before heard of the CRTC. A summary of the responses to selected questions of the remaining 442 students who stated that they had heard of the CRTC and who thus completed the remainder of the questionnaire is presented in Table 1.

Of particular note in Table 1 are the following three results:





Table 1: Summary of Responses of Students who  
Responded "Yes" to Question 1

Question 2--The head office of the CRTC is in

1. OTTAWA	225	(57.7%)
2. TORONTO	132	(29.9%)
3. VANCOUVER	3	( 0.7%)
4. NONE OF THE ABOVE	52	(11.8%)

Question 4--Are you, the consumer, interested in the actions of the CRTC?

YES	300	(67.9%)
NO	142	(32.1%)

Question 6--Do you, the consumer, want to know how you may voice your opinion with regard to the media?

YES	320	(72.4%)
NO	122	(27.6%)

Question 7--If you heard something on radio or TV that offended you, would you know the right channels to take in order to make your opinions heard?

YES	73	(16.5%)
NO	369	(83.5%)

Question 8--Does the CRTC have public hearing meetings?

YES	187	(42.3%)
NO	255	(57.7%)

Question 9--Is the CRTC concerned with Canadian content in programming?

YES	331	(74.9%)
NO	111	(25.1%)

Question 10--Should the CRTC be involved in Canadian content regulations?

YES	295	(66.7%)
NO	147	(33.3%)

Question 11--Would you, the consumer, like to know more about the CRTC?

YES	288	(65.2%)
NO	154	(34.8%)



- (a) 42.3% of the subset of respondents gave the wrong answer for the location of the head office of the CRTC;
- (b) 83.5% of the subset of respondents indicated that they did not know the right channels to take in order to make their opinions heard;
- (c) 57.7% of the subset of respondents indicated that the CRTC did not have public hearing meetings.

The results of this survey, simplistic as it is in design and application, do corroborate the general tenor of the earlier parts of this report in that the public does not really know very much about the CRTC, and they reinforce the conclusion that the Commission should make a more determined effort to make the consumer aware of the existence of its location, the nature of its duties, and the methods of public recourse in case of complaints or suggestions.<sup>5</sup>



## Chapter 7

### The Commission and the Consumer Interest

In the process of carrying out this study, an inquiry was made to the Research Branch of the CRTC requesting it to prepare a listing of actions which the Commission had carried out or was carrying out which resulted in a positive effect on the consumer interest. The answer to this inquiry took the form of two memoranda and an attempt will be made here to summarize the contents of the memos and comment upon the efficacy of the points made therein.

The first memo makes the following points about the CRTC and consumer interest.

#### I. CRTC AND CONSUMER INTEREST

1. Licensing of Radio Kenomadowin in Dec. 1970. The CRTC granted a broadcasting licence to an Indian group, in conjunction with the Company of Young Canadians, to broadcast in their language, through mobile radio equipment, to Indians in scattered points in North Western Ontario.
2. Licensing of Radio Tuktoyaktuk in June 1970. This decision brought English-Eskimo radio service to 650 residents of the Mackenzie River Delta.
3. Our whole policy on the importance of cable companies providing at least one community channel for programming to, by and for residents in the community being served.
4. The Commission's extension of service policies. These have brought much improved service to the Maritimes in both French and English, to Northern Ontario where second service was provided; to Saskatoon where second service was brought in; to the B.C. interior--Kamloops, etc.; CTV's recently announced reorganization which will bring in CTV service to a number of areas in the next several years, as well as their promise to increase their Canadian program production.
5. Licensing of the second French-language network. TVA.





6. Licensing of Global Communications for a third English network, beginning in Ontario. Commission request for applications from a number of Canadian centres (Winnipeg, Edmonton, Vancouver) for third Canadian channels.
7. Licensing of Channel 79 in Toronto.
8. Sesame Street. Commission allowed Sesame Street certain advantages which kept the program on-air for a number of stations which might otherwise have dropped it. Additionally Commission encouragement of Sesame Street inserts in French, rather than the Spanish version being telecast in the U.S. It is my understanding these French-language segments are now being prepared for insertion.
9. Radio Laval.
10. Student Carrier Current Broadcasting policy.<sup>1</sup>
11. Any number of CRTC local ownership decisions which have kept ownership of broadcasting stations in the communities involved.
12. The liberalized advertising code.
13. CBC Radio I and Radio II, whereby the Commission stressed the need for highest quality CBC programming being made available to all Canadians as a priority.
14. CRTC Canadian Content Regulations.
15. Children's Advertising.
16. CRTC letting CTV have a relaxation of Canadian content rules when need was shown.
17. Press release: Commission statement relative to broadcasting personalities who become candidates for public office - July 17, 1972.
18. Public Announcement re: a complaint against Radio Station CHNS, Halifax, March 28, 1972.

Three comments should be made about specific items in this memorandum. First, point 8 notes that Sesame Street is given special consideration by the Commission. This is no longer so if one is to believe the report in the Globe and Mail of October 2, 1972. The article



makes it quite clear that Sesame Street is no longer being given special consideration.

The second comment concerns point 12, the liberalized advertising code. It should be noted here that the CRTC makes an attempt to regulate all advertising. The regulation is carried out in the following fashion. All food and drug commercials have to go through the CRTC. Each commercial comes to the legal branch of the CRTC and it is then sent to Consumer Affairs in the case of food and to National Health and Welfare in the case of drugs. The ads are examined by examiners in these ministries for accuracy. If the commercials are approved, they are given an approval number which is good for a twelve-month period. At any time, examiners can go to any station in the country and check and make sure that the stations are not using out-of-date commercials or commercials which have not been approved by the CRTC. In the case of beer and wine, approval is given by the CRTC. The people who look at these particular ads are members of the CRTC, and they also invite in members of the Quebec Liquor Board and the Ontario Board. Other provinces are invited to send representatives if they so desire.

The final comment pertains to point 15 in the memo. The case history of the CRTC's involvement with children's advertising was given to the author by a senior CRTC official and it is as follows:

About Christmas 1970, there arose much concern about the quality and truthfulness of children's advertising on television. This was brought to a head by a militant French-language group formed in Montreal. The official noted that the CRTC has the legal right to regulate advertising. Previously, however, the CRTC had made no attempt to censor



advertising. The official convinced Mr. Juneau to see if he (the official) could get the broadcasting industry to police advertising themselves; he felt this would be a better method than the imposition of direct controls in this particular field. As a first step, he talked to the president of the Canadian Association of Broadcasters (CAB). This conversation occurred in the period March-April, 1971. As a result of this conversation, it was decided to approach a group called The Canadian Advertising Advisory Board. This board is comprised of the following:

- (a) all the major media groups in the country, including Maclean-Hunter publications, etc.;
- (b) radio and television stations;
- (c) the Association of Canadian Advertisers;
- (d) the Institute of Canadian Advertising.

When the Canadian Advertising Advisory Board hears a complaint about advertising and upholds this complaint, the members of the CAAB agree not to carry the advertising on their stations or in their particular medium. It is felt that this self-regulation is a better method than having Consumer and Corporate Affairs come into it or have to legislate against the particular advertising. There is a very distinct attempt to get away from the legalistic attitude. The CAB asked the CAAB to help develop a children's advertising code. All throughout this, the official stayed in the background but he did try to keep his hand in and make the Commission's feelings known. The net result of this has been the recent adoption of the code of children's advertising and it is interesting to note that the U.S. Advertisers' Council has adopted virtually exactly the same code as the Canadians. As noted in chapter 3, the Consumers' Association of Canada are now testing this code by the means of the monitoring process.





The second memo notes the following positive actions of the CRTC:

1. The Commission's expertise and interests lie in broadcasting. Consumer interest and consumerism are but two aspects of broadcasting, which when they arise as issues brought to the attention of the Commission through letters, complaints and petitions, are usually referred to the government department which has the authority to adjudicate. When the case or dispute combines broadcasting and consumer interest, the CRTC usually prefers to mediate rather than regulate. That is, action in a given case usually involves the Commission's efforts to bring together the parties on all sides of the dispute in order to get them all discussing their differences.
2. Doug McGowan, radio chief in the Broadcast Programs Branch has taken the initiative of setting up regional meetings with the programmers from radio stations. Among the topics discussed in these informal but well-attended meetings is how the radio stations can anticipate and respond to consumer affairs and consumerism in their communities. Another topic he always brings up is the demand for public access to the airwaves--a big trend in the United States but only just beginning in Canada. He encourages radio programmers to determine who is their audience and then to reflect that audience in their programming. Discusses merits of action lines and call-in programs et al. Encourages investigative reporting and programming such as CKEY's "The Consumer Desk". The CRTC must act within 28 days on a complaint about radio programming or advertising or consumer interest--action which may involve referral of the dispute to proper authority or may involve the CRTC in bringing the broadcaster and/or advertiser together with the complainant, and possibly arbitrating the dispute. Of course, if the dispute centres on a question of taste, the Commission would deal with the matter without referring to another government agency, such as the Department of Consumer and Corporate Affairs or the Health & Welfare Department or the Food and Drug Department.
3. CRTC staff such as Doug McGowan frequently travel (usually on invitation) to meetings with such groups as St. Jerome Chamber of Commerce, or community groups--in Castlegar, B.C. for instance, and they sometimes address university groups. Usually the subject discussed at such meetings bears on expanding consumer and community information programming, public access and alternatives of those who object to various and specific kinds of programming.

In addition to the points noted above, research has indicated that the CRTC feels it is helping the consumer in three additional ways.



First, there is the complaint process. One generally has to take information about complaints on faith because of the mix-up in explaining the complaint process noted in Chapter 6. However, one complaint and the results of the ensuing investigation were made available to the author. Unfortunately, the correspondence is confidential but if the same level of attention evident in the correspondence is in fact proffered to all complainees, then the CRTC would seem to be acting efficiently in the complaint process.

Another point of positive action in respect to the consumer interest came to our attention in a conversation with a member of the Research Branch. He noted that the CRTC will play a much more important role if the amendments to the Election Act are passed. Whereas previously, no specific body seemed to be named to supervise political broadcasts,<sup>2</sup> Bill C-211 which was given first reading on May 16, 1972 (but was not passed before the dissolution of Parliament), states that the CRTC will allocate time for and supervise political broadcasts.<sup>3</sup>

Finally the CRTC attempts to aid the consumer by keeping him informed. The Commission attempts to keep the consumer informed of its actions, in basically four ways: (a) by publishing notices of hearings, decisions and policy statements in the Canada Gazette and in newspapers; (b) by publishing an annual report.<sup>4</sup> This report is in general, one of the best presented by any government department. One flaw is evident, however. The sections dealing with data on decisions are rife with error.<sup>5</sup> (c) by making speeches; (d) by issuing press releases and comments through a public relations staff (which consists of two employees). In a personal interview, a Commissioner expressed concern about the rela-



tively small size of the Commission's public relations effort, but felt the situation arose because of the Commission's de facto decision, at the time of its creation, to try to handle as many cases as possible and then, after the initial heavy load of cases was cleared away, to take care of public relations. Unfortunately, the case load has not yet diminished and as a result, public relations still has a relatively low priority.

In summary, then, it appears that the Commission is making a concerted attempt to aid the consumer. However, in the case of publicity in particular, it is apparent that a much better effort is required.

publicity  
needed





## Chapter 8

### The Canadian Cable TV Industry

#### Introduction

Special treatment is being given to the Canadian cable TV industry because it appears that here is one of the important places that CRTC policy now affects the consumer interest.<sup>1</sup> The reasons for being concerned about the cable industry, in particular, are two-fold.<sup>2</sup> The first is concerned with the question of economies of scale. For reasons to be commented upon later, it is not apparent that the Community Antenna Television (CATV) companies are being allowed, by the CRTC, to reach the point of minimal costs. Given this situation and given the rather standard pricing practices carried out by CATV companies, it appears that in some cases, the consumer would be paying more than is really necessary for cable TV. In addition, it appears that the Commission is going all out in support of community interest and local programming. Although local programming is not a regulatory requirement as of this date, many of the cable companies have decided that it will be in the future and it will be our purpose to analyse how this decision will affect the consumer interest. Before analysing these two problems in particular, let us first take a brief look at the structure of the Canadian cable TV industry. ✓

#### General Description of the Cable Industry in Canada

The literature on cable television indicates that the Canadian cable TV industry is much more widespread and much more developed



than the industry in the United States. As of July, 1972, there were 361 cable systems licenced in Canada.<sup>3</sup> Although many companies own only one system, there are a number of multi-system owners, e.g., Rogers, Maclean-Hunter, and Jarmain. Some of the larger companies deal with 50,000 or more subscribers in a particular system. Until 1968, these companies operated in a free market situation, whereby they paid a small licence fee to the Department of Transport, and in return, received permission to wire specific areas of cities. In 1968, this situation changed and the CRTC was given exclusive control of the industry in Canada. Initially, because of the large number of licences which were already in existence, the CRTC decided to give blanket approval to existing systems and to work from this point. This fact is of particular importance when we come to look at the question of economies of scale.

The factors affecting the demand for cable TV are analysed in an article by Comanor and Mitchell.<sup>4</sup> It is apparent that the existence of substitutes, the location of the cable company, and the degree of saturation are the most important variables indicating the number of subscribers the company will have. Although possession of a licence for a CATV area is not quite a licence to "print money", recent literature indicates that investment in a cable company is a fairly safe one. Tables 1 and 2 indicate profitability by station size and area over a period of time.

#### Economies of Scale

The main reason one would expect economies of scale to exist in the cable industry would be the large amount of fixed investment



Table 1: Operating Revenue and Expense for CATV Systems, 1967 - 1970

	1967	1968	1969	1970
Operating Rev. Total	22,114,690	31,285,513	37,379,909	54,940,255
Operating Expenses	13,699,567	18,559,764	22,247,280	30,281,545
Net Operating Profit	8,415,123	12,725,744	15,132,624	24,658,710
Individual Subscribers	408,853	555,225	722,767	899,854
Net Operating Profit per Subscriber	20.58	22.92	20.94	27.40

Source: Statistics Canada, Community Antenna Television, 1970, Information Canada, March, 1972, pp. 8-9.

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Table 2: Net Operating Revenue for CATV Systems by Revenue Group, 1967 - 1970

	1967	1968	1969	1970
Under \$50,000	(136,197)	(209,718)	(295,674)	( 83,402)
\$50,000-99,999	(218,139)	218,583	244,822	684,703
\$100,000-199,999	163,607	497,385	256,027	1,338,712
\$200,000-399,999	298,014	344,904	361,826	3,731,997
\$400,000 and over	1,544,378	4,000,194	5,534,491	18,986,700

Source: Statistics Canada, Community Antenna Television Annual, 1967 - 1970.

Note: Numbers in brackets reflect net losses for years indicated.





incurred in the construction of a cable system. A cable system can basically be divided into three main parts. The first is the head end, which is a master antenna or a micro-wave antenna, which receives the over-the-air signal of VHF and UHF stations. The second portion would be the trunk lines which carry the signals from the head end to the various areas of the region to be served. The third part is the feeder cables which take the signal from the various trunk lines and feed them into the subscribers' homes. The feeder cables have been considered to be a fixed cost in many analyses of cable systems and they are often omitted from studies of economies of scale.<sup>5</sup> However, a spreading of the costs of the first and second components of the system over an increasing number of subscribers would theoretically lead one to believe that lower costs per unit would be achieved with a larger system.

Against these reasons for economies of scale would be the existence of a possibility of technical diseconomies. These diseconomies would exist because of the necessity of putting an increasing number of amplifiers in a cable system as the system becomes larger. These amplifiers are positioned in what is called an "in cascade" position and more amplifiers are needed as systems become larger. Interviews with two entrepreneurs in the cable industry indicate that this technical reason would be a relatively minor one and overall, it would be expected that the first two reasons would outweigh it, i.e., we would expect continuing economies of scale up through a system of major size. However, theory is sometimes found lacking in practice and it might be worthwhile to note the results obtained in a few studies which have attempted to



measure for the existence of economies of scale in existing CATV situations.

The first of these studies is that carried out by Dr. M. Seiden for the Communications Committee of the Congress of the United States. This study was carried out in 1965,<sup>6</sup> and Dr. Seiden surveyed two CATV systems. The first was a system which existed in 16 Connecticut communities. The second was a study of 18 unnamed CATV systems in different locations in the United States. The cost data in these studies are very rudimentary and Dr. Seiden made no attempt to run regressions on the data. However, using the data presented in a Congressional Report, we have estimated cost curves for these systems and have found evidence that economies of scale do, in fact, exist up to, at least, a systems size of 31,000 subscribers.<sup>7</sup> The results of the regressions are shown in Tables 3 and 4. Numbers in brackets are t values. In each of the tables, a complete estimation is first presented and this is followed by a regression which contains only significant variables.

A second, and much more sophisticated study, is that which was carried out by W. Comanor and B. Mitchell. In this study, the authors attempt to analyse the effects of various FCC decisions on the future profitability of cable companies. These results appear in two journals--the Bell Journal<sup>8</sup> and the Journal of Law and Economics.<sup>9</sup> The cost data in these studies were obtained from statistics provided by CATV operators through the National Cable Television Association and by independent consultants.<sup>10</sup> The results suggest "that average unit costs decline with system size".<sup>11</sup>



Table 3: Regressions for Cooperating CATV Systems

$$TC = 264,462 - 65.3 \text{ SUB} + .036 \text{ SUBSQ} - .000003 \text{ SUBCU}$$

(-.63)
(1.5)
(-1.6)

$\bar{R}^2 = .6547$

$$TC = 137,488 + 78.0 \text{ SUB}$$

(6.6)

$\bar{R}^2 = .6477$

TC = total cost  
 SUB = subscribers  
 SUBSQ = subscribers squared  
 SUBCU = subscribers cubed

Table 4: Regressions for Connecticut CATV Study

$$TI = 90,710.9 + 48.5 \text{ TH} - .00023 \text{ THSQ} - .000000013 \text{ THCU}$$

(1.26)
(-0.057)
(-9.139)

$\bar{R}^2 = .8543$

$$TI = 95,104.2 + 46.4 \text{ TH} - .000000018 \text{ THCU}$$

(5.21)
(-2.23)

$\bar{R}^2 = .8422$

TI = approximate total investment  
 TH = total homes  
 THSQ = total homes squared  
 THCU = total homes cubed





A third study is that which has been carried out by Mr. R. E. Babe and this study is unique in that it was concerned specifically with the Canadian cable television industry.<sup>12</sup> Mr. Babe attempts to look at the costs of different sizes of CATV systems in two ways. First of all, he looks at engineering data for one company given one penetration rate and one subscriber size. This study finds that there is, in fact, a minimum point in cost followed by constant costs.<sup>13</sup> His second study is a cross-section analysis of 18 (in some cases, 19) Canadian CATV companies and the results of this study are as follows. First-- As the number of trunk line miles traversed by a system increases, the costs of the system go up. However, if one looks at the potential subscribers in a system, the costs in fact go down as the number of subscribers increases. In addition, if one looks at the number of actual subscribers in a system, the average costs go down. His main conclusion is that before making any cost conclusions, one has to play off the number of miles of trunk line and the inherent technical diseconomies which are presented by amplifiers against the better penetration and seemingly fixed or lower costs of feeder lines.

An attempt has been made to replicate this study carried out by Babe, using results of regressions carried out on our direction by the head economist of the CRTC. The data used in the regressions are drawn from a larger sample size than those used by Babe. However, it should be noted that restrictive computer facilities at the CRTC have marred some of the results because squared and cubic terms cannot be used in the estimation of the regressions. The relevant regressions



which have been estimated are presented at Table 5 and the data are presented in the same fashion as the data in Tables 3 and 4. Note that the results taken from this more expanded sample do support the idea that economies of scale do exist, i.e., that as the number of subscribers increases, the average cost declines.

The results presented above seem generally to indicate that economies of scale do, in fact, exist in the cable TV industry. Why then has the CRTC adopted a policy of allowing the cutting up of seemingly natural, large economic markets? The answer would seem to be two-fold. First, as mentioned above, the Commission was faced with a fait accompli in the structure of the cable industry before it came into existence. It felt that it might as well take the situation as it existed and work from there. However, this does not explain why new systems have been allocated in a piece-meal fashion. Surely one cannot accept one Commissioner's explanation that new systems, in particular in Mississauga, were allocated in such fashion in order to afford the existing Toronto companies an opportunity for economics of scale. (See Appendix I).

A second possible reason came out during a personal interview with a senior official. The opinion was expressed that there seemed to be a small-business bias within the CRTC. It was noted that the government, in appointing the Commission, probably did not realize that it was implanting this bias upon the Commission; but a result of this, according to this official, has been a tendency for the Commissioners to prefer small local firms in the cable industry instead of allowing a large firm to be set up.<sup>14</sup>



Table 5: Estimates of Cost Curves Using CRTC Data

$$\text{TE} = 20.99 + .0202 \text{ SUBS} \\ (51.99)$$

$$R^2 = .908$$

$$\text{TE} + \text{D} = 20.81 + .034 \text{ SUBS} \\ (35.45)$$

$$R^2 = .821$$

TE = total expenditure

TE+D = total expenditure + depreciation

SUBS = subscribers





### Local Programming

The CRTC has decided that local programming is a most important function to be carried out by the local cable systems. They have not done this by any specific regulation, but the Commissioners have indicated in what has been called by one cable owner, "regulation by press release" that a company promising local programming will be looked on in a favourable light. The important thing we must realize here is that by forcing companies to carry out local programming, the Commission is, in fact, carrying out a redistribution of income. That is, the great percentage of people who do not particularly want local programming are forced to pay for the relatively few people who do want it.

Although local programming and community involvement are sometimes thought of as being synonymous, this is not necessarily so, as is evidenced by the case study attached as Appendix I. Accordingly, we will concentrate solely on local programming.

To examine the extent of local programming, the Broadcast Programmes Branch of the CRTC has carried out a survey, and relevant information about local programming is summarized in Tables 6 through 9.

With respect to Table 9, it is interesting to note that although there is some programming being carried out by community groups, this is a vast and basically untapped source of producers of community programmes. A survey, supported by an Opportunities for Youth grant, was carried out by Mr. S. Riley in 1971. In this survey he identified 7,000 community groups and of those groups questionned in detail, most were not yet into programming and had not in fact considered it.<sup>15</sup>



Table 6: Programming Cable Television Systems in Canada

	<u>Regularly Programming</u>			Intermittently Programming	Automatic Programming	Total
	Indep.	Aff.	Dep.			
Yukon	1	0	0	0	0	0
N.S.	3	0	0	1	1	5
New Brunswick	2	0	0	0	0	2
Quebec	23	0	8	2	6	39
Ontario	33	19	7	3	3	65
Manitoba	3	0	0	0	2	5
Saskatchewan	0	0	0	2	0	2
Alberta	5	0	0	0	3	8
B.C.	8	0	4	2	5	<u>19</u>
Total	78	19	19	10	20	<u>146</u>

Total Programming Regularly - 114

Source: CRTC The State of Local Programming, Summer 1972, Interim Survey,  
(Ottawa, July 1972), p. 2.

Table 7: Size of Programming Systems

<u>Number of Subscribers</u>	<u>No. of Programming Systems</u>
0 - 1,000	14 (17%)
1,000 - 3,500	22 (28%)
3,500 - 5,000	7 ( 8%)
5,000 -12,000	18 (22%)
12,000 -25,000	10 (12%)
25,000 -50,000	7 ( 8%)
Over 50,000	<u>4 ( 5%)</u>
	82 (100%)

Source: CRTC The State of Local Programming, Summer 1972, Interim Survey,  
(Ottawa, July 1972), p. 4.



Table 8: Target Audiences

<u>Target Audience</u>	<u>Number of Programming Units</u>	
General Community	333	(36%)
Special Interest Audience (i.e., audience oriented towards hobbies, sports, etc.)	290	(31%)
Youth	82	( 9%)
Women & Housewives	52	( 5%)
Children	38	( 4%)
Minority Groups	36	( 4%)
Ethnic Groups	28	( 3%)
Other Audiences	71	( 8%)
	<u>930</u>	<u>(100%)</u>

Source: CRTC The State of Local Programming, Summer 1972, Interim Survey,  
(Ottawa, July 1972), p. 12.

Table 9: Production Personnel

<u>Community People involved in the Production</u>	<u>Number of Programming Units</u>	
Individuals	108	(19%)
Public Service groups (Kiwans, Red Cross, Y.M.C.A., etc.)	92	(16%)
Community Information Groups	83	(14%)
Arts/Crafts group focused on media music, culture, etc.	75	(13%)
Social Action or Hobby group with Specialized interest (Welfare rights, consumer protection, legal and etc.)	72	(13%)
Ethnic Groups	50	( 9%)
Other Groups	91	(16%)
TOTAL	<u>571</u>	<u>(100%)</u>

Source: CRTC The State of Local Programming, Summer 1972, Interim Survey,  
(Ottawa, July 1972), p. 13.





Local programming is not expense-free. In one large system, the owner has estimated that local programming costs \$50,000-\$60,000 per year. Another study carried out by Feldman indicates that the costs of cable programming vary from \$40,000-\$60,000 per year.<sup>16</sup> Given that the costs are not insubstantial, the question is who benefits from local programming? It is estimated that only a very small percentage of people either (a) know about it or (b) care enough about it to watch the local programs. The president of the cable company alluded to above indicated that his largest audience participation is in the Bingo shows, in which he estimates 2,000-3,000 people participate. Programming is probably watched by a larger per cent of the people in smaller systems where word of mouth can more efficiently indicate the existence of particular local shows of interest. The main point to be made here, however, is that no one really knows how many people watch local programming on cable TV. The cable operators do not want to incur the costs of the BBM survey and also, they might really be loath to know what the return on the \$50,000-\$60,000 investment is. Cable operators tend to consider local programming to be a dead loss in that they cannot advertise on local broadcasts<sup>17</sup> and in addition, they generally do not even bother to advertise the existence of the local programming except in extremely rare cases.

An interesting development has come about in Hamilton. Five local companies have gotten together to produce cable programs and their decision to do this has recently, after an extremely long time lag, been ratified by the CRTC. However, the CRTC in its decision, gave a cryptic type of explanation and it is not really certain whether the cable net-



work still has to have programs produced by individual companies within the network or whether, in fact, they can produce joint programs. An interview with a senior official has indicated that the CRTC is going to insist that the local companies produce local programs even if they are in the cable network. If this is true, it is apparent that economically, the Commission is violating the attempt of the network to achieve economies of scale.

As a final point, it should be noted that a cable executive has indicated that he feels that local programming, on a very minor scale, may result in a magnification of ethnic differences, rather than a pulling together of total community interest.

It is the author's opinion that this local programming issue could be overblown. As a per cent of total cost, local programming costs are relatively minor, in the 2-3% range. In addition it is not apparent that the operators of the cable companies would pass on any reductions in their costs to the consumer if and when local cable production ceases.

In conclusion then, it appears that the CRTC decisions in the area of cable television might, in some cases, have raised the cost of this service to the consumer. However, the failure to capture economies of scale rather than the cost of community programming should be considered the primary cause for this increased cost.<sup>18</sup>



## Chapter 9

### Summary and Conclusions

The quotation which appears at the beginning of this study (p. i) refers to the difficulty of obtaining information about the thinking and decision-making of the predecessor of the CRTC, the Board of Broadcast Governors. One of the more important conclusions of this study is that the situation has not improved dramatically since the advent of the CRTC, particularly as it relates to the decision-making process. Aside from this area, however, some research has been possible and the following are the conclusions of the study based on this research.

- (A) Public hearings are considered to be the main forum of consumer opinion on broadcasting topics. Consumer appearances, however, are relatively rare at these hearings.
- (B) The consumer, it appears, knows very little about the CRTC and, moreover, he seems to be apathetic about increasing his knowledge of the workings of the Commission.
- (C) Reasons for decisions made by the Commission have tended to be too terse, thus making it difficult for the interested consumer to understand the motives of the Commissioners.
- (D) Details of the actual decision-making process still are not a matter of public record.
- (E) Consumer complaints appear to be handled quickly and efficiently by the Commission.
- (F) Some cable television licensing decisions have created cable systems





of non-optimal size and as a result, consumers may be paying too high a price for this service.

- (G) In at least one case, there is evidence which suggests that the Commission is not paying adequate attention to the desires of the community with respect to cable television.

Given these general conclusions, a number of general recommendations can be made.

The first three conclusions (A, B, and C) are complementary and the situation described would undoubtedly be aided if the Commission were to adopt a more aggressive attitude with respect to public relations. If the Commission were to not only keep the consumer more informed but also provide assistance in formulating consumer briefs, then the consumer apathy noted in Chapter 6 of this report might decrease substantially.

The first step in this public relations improvement process could be to improve the informational content of decisions. This recommendation has been made before by the Davey Commission<sup>1</sup> and the CRTC has recently made progress in this area. However, it is felt that even better results are possible.

A second step the Commission could take would be the establishment of a fund to assist bona fide consumer interest groups in making presentations. An action of this type would eliminate the possibility that the consumer interest is being hampered by the expenses involved in preparing and presenting briefs.

As a third step, the Commission should adopt a policy on information availability similar to that suggested by Lazarus and Onek.<sup>2</sup> In



summary, they suggest the following plan:

- a. The agency should selectively list, by category and location, records of greatest public interest. This list should be published and made conspicuously available to the public.
- b. Any written request which sufficiently identifies a record for the purpose of locating it should be accepted by agency staff.
- c. Where a requested file or record contains exempt information, the agency should offer to make it available with suitable deletions if this can be accomplished without undue burden.
- d. Each agency should reply to a request for information within seven working days. If additional time is needed, an acknowledgement should be sent to the requestor, within the seven-day period, furnishing such portion of the requested information as is presently available and telling him the specific date when the balance of the information will be available and the reasons for the delay.
- e. When an agency refuses to disclose requested information on the ground that it is exempt under the Official Secrets Act, the reply should state, [1] what exemption is being asserted, [2] why that exemption is applicable, and [3] a brief outline of the appeal procedures available to the requesting party.
- f. The agency should establish a one-step appeal procedure that will produce final action within ten working days from the time the appeal is filed.
- g. In view of the public interest served by having an open information policy, no charge should be made for search time and other costs inci-



dental to the handling of routine requests. If a request is unusually time consuming, either because of the number of documents sought or the difficulty in ferreting out specific documents in response to a blanket request, each agency should charge accordingly, but the fee should not exceed the actual cost to the agency. Copying charges should not exceed the going commercial rate.<sup>3</sup>

h. The agency should establish procedures whereby requestors who demonstrate their inability to pay the above fees and charges may receive information without charge.

i. The agency head should distribute a directive instructing agency personnel that legislative exemptions must be construed narrowly and are not to be used for the purposes of circumventing disclosure.

In addition to improving their public relations, the Commission should also open up its decision-making process to some type of scrutiny. This is not to suggest that all minutes should be made public but rather that detailed independent research should be carried out to assess whether any bias is evident in Commission decisions. Results of studies could be framed in macro-terms to preserve the atmosphere of confidentiality in the deliberations.

Although complaints seem to be handled in a fair, efficient manner, a follow-up study needs to be carried out on all correspondence relating to complaints. This was not done during the period in which this report was prepared for reasons noted in Chapter 6. The mounting of a research project of this type should not prove difficult since the Chairman of the CRTC has given approval in principle.





In the area of CATV licensing, the Commission should focus greater attention on the question of economies of scale in the cable television industry. By placing more emphasis on this question, decisions of the Commission might result in lower rates for cable customers in some areas of the country.

Also with regard to cable licensing, the Commission might consider delegating some of its authority in order to serve the consumer interest. A recent article by Posner, relating to the cable industry in the United States, has suggested that municipalities be allowed to grant cable licences while the Federal Communications Commission would limit itself to the following three functions:<sup>4</sup>

- "(a) The Commission would retain such authority as might be necessary to prevent purely physical interference with FCC licensees. Thus, it could regulate the frequencies used by microwave common carriers that furnish distant signals to cable companies.
- (b) It would retain authority to punish cable operators who violated the police-type regulations that have been imposed on television, such as the rule forbidding the broadcasting of obscene matter.
- (c) It would retain authority to promulgate and enforce reasonable rules limiting cross-ownership of media in the same local market."

If the CRTC were to follow the same pattern it could still carry out its policies on Canadian content and ownership and local programming but it would in turn relieve itself of the onerous licensing task as it relates to cable television. In addition, community interest would undoubtedly be better served if the municipalities had the final say as to which cable operator would serve the community.

Turning from recommendations relating directly to the conclu-



sions noted above, we would like to make one recommendation based not on specific facts gathered during the study but rather on an overall impression which was gained during this time. One cannot help but feel that initiative is one of the least prized attributes of an employee of the CRTC. Even the most picayune decisions seem to require the approval of one of the full-time Commissioners. Accordingly, we would recommend that the Chairman attempt to delegate more authority in an effort to make the CRTC more flexible and responsive.

It should be apparent that these conclusions and the ensuing recommendations have in no way been the result of a general finding of lack of consumer interest on the part of the CRTC. Despite the shortcomings noted above, it is the general conclusion of this study that the CRTC is doing a good overall job in a difficult area of regulation. The Commission is cognizant of the consumer interest and appears to be willing to make moves toward getting the consumer involved. An implementation of the recommendations, particularly those regarding publicity and public documents would, however, improve the CRTC's record of service.



STAFF ORGANIZATION

Senior Executives	- 23
Finance and Management	- 73
Personnel	- 16
Research	- 23
Broadcast Programs	- 48
Planning and Development	- 22
Technical	- 5
Legal	- 11
Licensing Policy and Administration	- 80
	301

CHAIRMAN

## EXECUTIVE ASSISTANT

Correlates operating policies of Chairman and member Directors, to ensure effective action and communication.

DIRECTOR  
FINANCE AND MANAGEMENT SERVICES BRANCH

Planning, Programming and Budgeting,  
Financial Services, Management Services,  
Administrative Services, Library Services,  
Technical Services, Information Retrieval,  
Systems and Management Information System.

Computer Services  
Information Retrieval  
Technical Services  
Library Services  
Financial Services  
Program Planning and Budgeting  
Systems Management Division

DIRECTOR  
INFORMATION SERVICES

Provides a public relations matters relating to communication ideas received from the radio and TV broadcasting; enables the public of the Commission purposes of CRTC; guide amendments of CRTC policies; develops policy guidelines, Annual Report, etc.

MANAGING DIRECTOR  
OPERATIONS

Direct the overall activities and management of three branches: Planning and Development, Licensing Policy and Administration, and Technical Branch.

DIRECTOR  
LEGAL BRANCH

Provides the Commission with legal counsel on regulations and policies; interprets legislation relating to the regulation and supervision of broadcasting; represents the Commission on inter-departmental committees; develops the line of questioning and questions witnesses at Public Hearings; conducts litigation and provides advice on legal questions to members of broadcasting associations and managers of broadcasting undertakings; is responsible for continuity clearance of advertising.

Continuity Section  
Legal Documentation

DIRECTOR  
TECHNICAL BRANCH

Acts as the Commission's technical authority; formulates and recommends changes in policies, relations and directives; participates in the work and activities of technical committees; establishes and maintains communications with senior officials and specialists in federal departments, government agencies and the private sector.

DIRECTOR GENERAL  
LICENSING POLICY AND ADMINISTRATION  
BRANCH

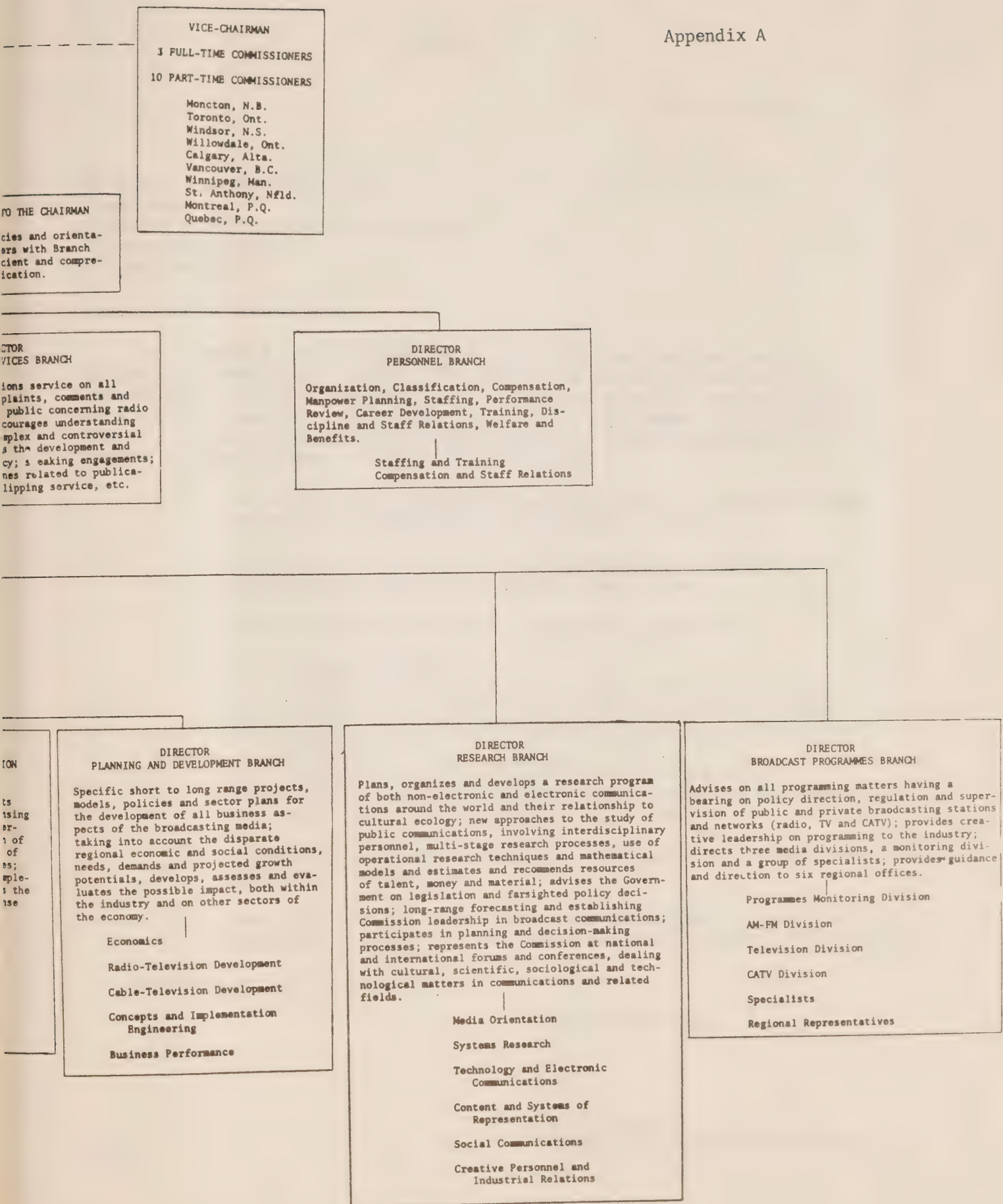
Conceives, develops and implements the programs of the Branch: license of all Canadian broadcasting undertakings, promotion and regulation ownership patterns and provision effective public hearing process contributes to formulation and implementation of policies and advice Commission on the merits of license proposals.

Public Hearing Planning  
Ownership Review Division  
Applications and Licensing Division  
Public Hearing Operations





## Appendix A





## Appendix B

July 14, 1972.

M. Jacques de la Chevrotiere,  
Commissioner,  
Canadian Radio-Television Commission,  
100 Metcalfe Street,  
OTTAWA, Ontario.

Dear M. de la Chevrotiere:

This summer I have been retained by the Canadian Consumer Council to analyse the question of "consumer interests" and the CRTC. One of the subject areas I am concentrating on is the extent to which consumer opinions relating to broadcasting are voiced. Since you, as a member of the CRTC, are in a unique position to meter public opinion, I would appreciate it if you would briefly answer the following questions:

- a. On average, how many phone calls per month do you receive from individuals commenting on broadcasting topics?
- b. On average, how many letters per month do you receive from individuals commenting on broadcasting topics?
- c. Of total calls and letters, what percent relate to:
  - (1) programme content
  - (2) licensing or relicensing questions relating to AM Radio
  - (3) licensing or relicensing questions relating to FM Radio
  - (4) licensing or relicensing questions relating to Television (Commercial)
  - (5) licensing or relicensing questions relating to CATV
  - (6) licensing or relicensing questions relating to Educational TV
  - (7) other topics, e.g., extension of service
- d. Do you keep a file of comments for reference when contemplating policy at CRTC meetings?
- e. Have there been any large-scale representations by individuals on any specific topics? If so, would you briefly describe the topics?

Thank you for your consideration in this matter.

Yours sincerely,

D. A. Dawson,  
Assistant Professor of Economics.

DAD:11



## Appendix C

Public Hearings of the CRTC, April 1968 - March 1972

<u>Location</u>	<u>Date 1968</u>
Ottawa	April 23-25
Moncton	September 25-27
Regina	October 22-24
Ottawa	November 19-22
	<u>1969</u>
Ottawa	February 4-6
London	March 4-6
Toronto	March 18-20
Ottawa	April 15-16
Montreal	June 10-13
Vancouver	October 14-16
Ottawa	November 25-27
	<u>1970</u>
Toronto	February 10-13
Ottawa	March 11-12
Ottawa	April 14-17, 20-22
Calgary	May 26-27
Ottawa	June 16-19
Ottawa	September 15
Montreal	October 6-8
Winnipeg	November 10, 12





<u>Location</u>	<u>Date</u> <u>1971</u>
Ottawa	January 13
Ottawa	February 16
Halifax	March 16-19
Ottawa	March 30
Montreal	April 26-30
Vancouver	May 18-19
Ottawa	June 7-8
Ottawa	June 28-29
Toronto	September 21-24
Ottawa	October 5-6
Regina	October 19-21
Ottawa	November 23-24
Trois-Rivieres	December 13
Toronto	December 13-17
	<u>1972</u>
Sherbrooke	January 11-13
Ottawa	February 15-17
Victoria	March 14-16
Ottawa	March 28-30



## Appendix D

July 21, 1972.

Mr. S. Creelman,  
c/o General Delivery,  
Lake Cowichan, B.C.

Dear Mr. Creelman:

This summer I have been retained by the Canadian Consumer Council to carry out a study of the "consumer interest" as it relates to the workings of the Canadian Radio-Television Commission (CRTC). One of the questions which I am analysing is the amount it costs the individual consumer in time and money to make his views known to the CRTC. I note that you made a presentation to the CRTC on October 16, 1970 concerning a renewal of CATV for Lake Cowichan. In relation to this presentation I would appreciate it if you would answer the following questions for me:

- a. How much time did you devote to the preparation of your presentation?
- b. What administrative costs were involved in the preparation of your presentation?
- c. What travel and living expenses were involved in the preparation of your presentation?
- d. To what extent did you have to finance b. and c. yourself?

Do you have any other specific comments about your presentation or general comments about the role of the consumer in the CRTC decision-making process?

Thank you in advance for your consideration.

Yours sincerely,

D. A. Dawson,  
Assistant Professor of Economics.

DAD:11



Summary of Television Files Assessed for Consumer Comments

<u>Station</u>	<u>Nature of Consumer Comments</u>
1. CHAN	One petition containing thousands of signatures in support of CTV coverage in Prince George
2. CKUR	None
3. CBLT	Two letters complaining about the switch from Channel 6 to Channel 5
4. CKLW	One letter urging that Baton Broadcasting not be allowed to buy CKLW
5. CFCN	Two letters supporting a satellite station for Red Deer
6. CBHT	One letter complaining about reception in Clark's Harbour
7. CBNT	None
8. CBCT	(a) Three letters in favour of sale of station to the CBC in 1968 (b) Petition containing 7816 names complaining of reception in Picton County in 1971
9. CBUT	None
10. CJCH	None
11. CJOH	None
12. CJON	None
13. CBWT	None
14. CBXT	None
15. CBMT	None
16. CHMT	None
17. CKMI	None
18. CHSH-TV1	None
19. CHSJ	None
20. CHOV	None
21. CBFAT	None





<u>Station</u>	<u>Nature of Consumer Comments</u>
22. CHEK	None
23. CJCB	None
24. CHEX	None
25. CFPC	None
26. CBOT	None
27. CBXT	None
28. CBKMT	(a) 14 telegrams and 45 letters in favour of sale of station to CBC (b) Petition containing 418 signatures in favour of satellite at Fort Qu'Appelle
29. CKPR	None
30. CBKRT	None
31. CJCN	None
32. CKRT	None
33. CBNAT	(a) Petition containing approximately 450 signatures supporting a transmitter at Baie Verte (b) Petition containing approximately 900 signatures supporting a transmitter at Buchans



## Appendix F

Summary of Radio Files Assessed for Consumer Comments

<u>Station</u>	<u>Nature of Consumer Comments</u>
1. CFRC	None
2. CHFM-FM	42 letters supporting an FM service
3. CFAX	One letter supporting an increase in power
4. CKUA	225 letters supporting a renewal of licence
5. CKDA	None
6. CHAB	None
7. CFRW	One letter complaining about programme quality
8. CFRN	None
9. CKUL	None
10. CBXD	None
11. CJLS	None
12. CHUM	None
13. CKBI	None
14. CKRC	None
15. CFRM	None
16. CKCW	Two letters complaining about the coverage of French activities
17. CKRM	None
18. CHML	None
19. CKOC	None
20. CKSL	None
21. CJOY	None
22. CKNY	Letter supporting the transfer of station shares
23. CFOX	None
24. CFRB	None



StationNature of Consumer Comments

25. CHIN

Verbatim reports of public hearings indicated that this station was in constant "hot water". However, the files for the period after 1970 have been "lost" and could not be traced. Accordingly, the extent of consumer complaints could not be assessed





## Appendix G

Summary of CATV Files Assessed for Consumer Comments

<u>Company</u>	<u>Nature of Consumer Comments</u>
1. Campbell River TV Association	None
2. E. Dufresne	None
3. Deep River Video Ltd.	None
4. O. Roy	None
5. Fergus Elora Cable TV Ltd.	One letter supporting renewal
6. Quinte Cablevision Ltd.	None
7. Greater Winnipeg Cablevision Ltd.	None
8. Skeena Broadcasters Ltd.	None
9. Davin Enterprises	None
10. Lake Video Service	None
11. Lachute Cable Vision	None
12. Maclean Hunter	Seven letters against their wiring the St. Catherines area
13. Saugeen Telecable	None
14. Norgate	None
15. Halifax Cablevision	None
16. Canadian Wirevision	None
17. Jarman	One letter complaining about a change in channels
18. National Cablevision	None
19. Coquitlam Cablevision	None



## Appendix H

August 21, 1972.

The aim of this survey is to investigate the amount of consumer knowledge of and interest in the Canadian Radio-Television Commission (CRTC).

Please check the box beside the applicable answer for each question:

(1) Have you ever heard of the CRTC before?

YES [ ]

NO [ ]

IF THE ANSWER TO QUESTION 1 IS "NO", DO NOT COMPLETE THE REMAINDER OF THE QUESTIONNAIRE.

(2) The head office of the CRTC is in

1. OTTAWA [ ]

2. TORONTO [ ]

3. VANCOUVER [ ]

4. NONE OF THE ABOVE [ ]

(3) The CRTC is presently concerning itself with cable television (CATV).

Their main concern has been

1. the amount of money consumers pay for CATV [ ]

2. local programming responsibilities of CATV [ ]

3. national network obligations of CATV [ ]

4. the number of stations utilized by a CATV  
company [ ]

(4) Are you, the consumer, interested in the actions of the CRTC?

YES [ ]

NO [ ]



ANSWER NUMBER 5 ONLY IF YOU ANSWERED "YES" TO NUMBER 4.

(5) Why are you interested in the actions of the CRTC?

1. it is supported by public funds ☐
2. its decisions may directly affect what types  
of programmes are available to me ☐
3. it represents the voice of the consumer ☐
4. other--specify ☐

(6) Do you, the consumer, want to know how you may voice your opinion  
with regard to the media?

YES ☐

NO ☐

(7) If you heard something on radio or TV that offended you, would you  
know the right channels to take in order to make your opinions  
heard?

YES ☐

NO ☐

IF THE ANSWER TO NUMBER 7 IS "YES", PLEASE INDICATE BRIEFLY WHAT THESE  
CHANNELS ARE.

(8) Does the CRTC have public hearing meetings?

YES ☐

NO ☐

(9) Is the CRTC concerned with Canadian content in programming?

YES ☐

NO ☐





(10) Should the CRTC be involved in Canadian content regulations?

YES [ ]

NO [ ]

(11) Would you, the consumer, like to know more about the CRTC?

YES [ ]

NO [ ]



## Appendix I

### Mississauga - A Case Study in Community Involvement

In December of 1971, the Canadian Radio-Television Commission held a hearing to consider eleven applications for CATV licences in Mississauga. At this hearing, the applicants and other interested parties<sup>1</sup> appeared before the CRTC to express their desires regarding the present and future developments of cable TV in Mississauga.

The Mississauga case is of special significance since it represents the first time that we have found a well-organized group of people (see footnote 1) coming before the CRTC to explain their plans and desires regarding cable. This group of people, which will be called The Community, expressed the following desires:

- (a) that air time be allotted for Boards of Education;
- (b) that service be provided as quickly as possible;
- (c) that a system be provided that would cover the entire area of Mississauga;
- (d) that successful applicants should have the necessary experience, technology and personnel;
- (e) that successful applicants should reside in Mississauga in order that local programming needs be met; and
- (f) that successful applicants be willing to allot time to a Citizens Advisory Group to get a balanced cross-section of the opinions of the whole community.

The Community felt that companies meeting the above-mentioned criteria would be an asset to the development of Mississauga. These requests from The Community were made with one major objective in mind--unifying the town.



Since January, 1968, Mississauga has been trying to establish itself as a town. In order to achieve this goal all telephone calling areas in the town have been combined into one; all the municipal buildings have been located in the new town centre; a new community centre for Mississauga has been developed; the hydro systems have been combined; and postal addresses have been changed to Mississauga. The next logical step, from The Community's point of view, should have been a cable system which was in line with proposed planning. However, this did not come to pass.

In March of 1972, the decisions of the CRTC were made public. The Commission decided to licence five of the eleven applicants. This, in effect, meant that the Mississauga area would be split up into nine areas operated by 6 companies.<sup>2</sup> This decision appears to have been made without any regard for the interests of, or views expressed by The Community. In the past, the CRTC had given stress to the community aspect of CATV applicants but the Mississauga case seems to indicate a disregard of CRTC principles.

The following are the six companies presently licenced to operate in Mississauga:<sup>3</sup>

- (1) a company to be incorporated by Mr. G. R. Conway-- Mr. Conway is President of Cable Utilities Communication Ltd., in Scarborough;
- (2) Keeble Cable TV Ltd.--a Toronto-based company;
- (3) Bramalea Telecable Ltd.--a Brampton-Bramalea-based company;
- (4) Maclean-Hunter Cable TV Ltd.--an existing company in Etobicoke;
- (5) Metro Cable TV Ltd.--a Toronto-based company;





- (6) Terra Communications Ltd.--a company which has its head office in Clarkson, Ontario.

This list indicates quite clearly that the CRTC did not think that local ownership and control was a major factor. In fact, with regard to the Conway company, residents of Mississauga have to make a long distance phone call just to contact him.

Another criterion of The Community, a cable system built as quickly as possible, was also rejected by the CRTC. Both Conway and Keeble were given until 1976 to complete their systems. This does not mean that these companies will take the maximum amount of time to build their system but it does mean that the CRTC, for one reason or another, decided that 1976 was a reasonable date. Providing cable to the people of Mississauga as quickly as possible was obviously not one of the Commission's priorities. If Keeble and Conway take until 1976 to wire their areas, this means that their respective areas will have waited 8 years for cable. (Mississauga began applying for an extension of services in 1968.)

The CRTC Mississauga decision left almost one quarter to one third of the town without CATV. Although this area is not densely populated (2,000 to 2,500 people), indications are that this area will grow at a rapid rate in the years to come. Since there were at least two companies in the public hearings that promised to wire this area, it is difficult to assess why the CRTC refused to give a licence for the area. The only rational answer must be that the CRTC felt that it would not be profitable to have a cable TV operation for 2,500 people.

Of the six companies that are presently licenced to operate



in Mississauga, only Terra Communications promised to meet The Community criteria. Although the town has criticized the Commission on this point,<sup>4</sup> it is probably not worth taking issue with this aspect of the decision. Indeed, many companies come before the CRTC making many promises which, in the end, they fail to fulfill. Since in the past the CRTC does not appear to have been influenced by this type of presentation in public hearings, one has no alternative but to assume that the promises of future performance by the intended CATV operators would not be a major determinant in the licensing of a company. We are not condoning this aspect of past CRTC policy, but are simply stating that this ignoring of promises of the Mississauga applicants is not an unusual happening.

In summary, the Corporation of the Town of Mississauga has gone on record as "expressing strong opposition to and profound disagreement with the entire procedure and decision".<sup>5</sup> What could the Town Council do about the CRTC decision?

Sections 23 and 26 of the Broadcasting Act explain the avenues of appeal. If there is a legal matter involved, a CRTC decision can be appealed to the courts under Section 26, or, if there is a question of policy, a decision may be appealed under Section 23. In the Mississauga case, the Council had one alternative--to appeal their case to the Federal Cabinet on policy grounds. The Council of the Town of Mississauga passed a resolution to urge the executive members of all the community and ratepayer associations to formally appeal to the Lieutenant Governor in Council, as laid down in Section 23 of the Broadcasting Act. However, Section 23 involves only issues pertaining to renewals or amendments of licences. Thus, in fact, the Cabinet had no legal right to



hear the Mississauga case. The Act gives dissatisfied applicants or community groups, such as the Mississauga Town Council, very little recourse after a CRTC decision has been made.

If the Cabinet had decided to hear the case and decided that the CRTC had made an error in policy, the matter than would have had to be referred back to the CRTC for reconsideration. During this time period, what might be happening to the companies that had originally received an application? They would probably be wiring their areas at a rapid rate, knowing full well that if the CRTC, at the re-hearing, was considering changing the areas of an applicant, or changing the licences, it would take into account the fact that areas under consideration were already partially wired.<sup>6</sup>

In order to try to justify the decision of the CRTC, a decision was made to look at the announcements of the Commission. These announcements are codified guidelines reflecting CRTC policy and objectives. The best document, in the words of Pierre Juneau, is "the last document on cable which we (CRTC) published in July, 1971."<sup>7</sup> In general, this document spelled out the following objectives of CATV in Canada:<sup>8</sup>

- (a) CATV should offer Canadians a wider choice of programs;
- (b) under provincial authority, CATV can offer a means of communication for educational purposes;
- (c) CATV should make local expression of opinions easier;
- (d) communities may be offered more diverse sources of knowledge, more varied styles and more social information through CATV.

In light of these objectives, the Commission adopted the following policies:





- (1) a cable system must provide a service to the community which includes providing educational television if requested by the provincial authorities;
- (2) cable systems should be encouraged to provide access to a channel for community expression and information;
- (3) community life should be enriched by fostering communication among individuals and community groups;
- (4) access to the community channel is the responsibility of the cable television licensee.

These policies and objectives, as outlined in the July 16, 1971, announcement of the CRTC, do not seem at odds with the desires of The Community. Why then were the policies and the objectives of The Community seemingly ignored in the CRTC Mississauga decisions in March, 1972? In April of 1972, Pierre Juneau came before the Standing Committee on Broadcasting, Films and Assistance to the Arts to explain the CRTC position.<sup>9</sup> Mr. Juneau explained that there were a lot of relevant facts in the Mississauga case that needed clarification. In the first place, there is a directive by the government that orders the Commission to reserve a minimum of one full cable channel for the educational authority if there is a request by the educational authority. In other words, it did not make a great deal of difference whether the applicants in the Mississauga case promised to serve the wishes of the educational authority or not, since they could be forced, by law, to provide an educational service. It would seem from this clarification that the complaints from the educational section of The Community were unjustified.

Concerning the community services, the Commission had no reason to believe that the successful applicants would not be willing to provide good service. The licenced companies had provided good service in other



communities so it seemed logical that Mississauga would be served well. Since the CRTC does not have the resources to check on every cable company to see if local interests are being carried out, it would seem plausible that it might be easier to licence companies that have already proven themselves. In the Mississauga case, however, strong emphasis by The Community was placed on local ownership and control of the cable companies. Mississauga did not wish to be thought of as a suburb of Toronto. It wanted to be a community in itself.

One of the reasons given by Mr. Juneau for carving up Mississauga was that the Commission has been criticized for licensing too many companies and too small units in Toronto. As a result of this, the Commission has enlarged the territories of companies which are providing good service in Toronto. In this sense, Mississauga has been split up because companies in Toronto are too small. This hardly seems just to Mississauga. Why should the new and growing community of Mississauga have to have their area split up because mistakes were made in Toronto?

If the CRTC had decided to licence one or two companies in Mississauga, a real dilemma becomes obvious. As noted above, there were three companies operating in Mississauga at the time of the Mississauga hearings. If they followed the Community's recommendations, the CRTC had to decide what to do with these companies. Of course, the CRTC could have forced the companies to sell out. This action, however, could have taken a great amount of time and perhaps created more problems<sup>10</sup> than the alternative solution--to split Mississauga up. Regardless of the final outcome of the case, there are certain weaknesses that were exhibited by the CRTC. These weaknesses can be generalized



into broad categories:

- (a) a lack of information for making such an important decision;
- (b) a lack of public relations;
- (c) an inadequate explanation as to the reasons for the decision.

In discussion the amount of knowledge that the CRTC appeared to possess, we would like first to note a dialogue that took place at the public hearings. It must be understood that it is not our intention to degrade the Commission but only to show that its knowledge, in certain incidents, seems limited.

This first example of the Commission's limited knowledge comes from the Mississauga hearings:<sup>11</sup>

"The Chairman: Thank you. I have just one question before Counsel asks you the questions he may have. The only incorporated--I don't know how to say this--the municipal structure there is is [sic] the Town of Mississauga that is within that area. What is Streetsville?

Mr. Stewart: Streetsville is a town entirely surrounded by the Town of Mississauga.

The Chairman: How many of those are there in the area?

Mr. Stewart: The Town of Streetsville and the Town of Port Credit. The Town of Streetsville and the Town of Port Credit have a combined population of 16,000 and their areas, as you may be aware, are rather small and circumscribed and entirely surrounded by the Town of Mississauga.

The Chairman: So, in total land area, in effect, there would be a population of 171,000 or 172,000?

Mr. Stewart: Yes.

The Chairman: Mr. Johnston.

Mr. Johnston: Mr. Stewart, I am interested in the boundaries of Mississauga because there seems from certain of the information filed in the applications to be some doubt about the future of them as to how stable they are going to be..."





This dialogue seems to indicate the following:

- (a) the Chairman knew little of the area of Mississauga before the hearings started
- (b) the Commission had only a vague idea of the future of Mississauga.

Since the CRTC, like the applicants, had three years in which to increase their knowledge and understanding of the Mississauga area, one would have thought that the Commission would have consulted with the Town of Mississauga authorities at an earlier date to get a clearer picture of boundaries. This was not the case: Mr. Stewart, the Town Solicitor, on being questioned by the Standing Committee on Broadcasting, Films and Assistance to the Arts about the amount of communication that had taken place between the town and the CRTC reported:

"The only communication before the hearings seemed to flow from the town to the CRTC, sending out criteria, and in the years prior to this hearing, asking for CATV service in the town. Then, a couple of days before the hearing which was begun, I think, on December 11, 1971, two officials of the CRTC attended my office and asked for maps and any information that they could get about the Town of Mississauga.

They showed me one map and, if I remember, it was about five or six years old. It was very much out of date, and I was able to get them a more up-to-date map of the town showing the latest development, and a map showing existing populations and projected populations and projected development. But that was all the information they had. They seemed to be rather ill-informed."<sup>2</sup>

The Mississauga case emphasizes the point that greater care must be taken by the CRTC in terms of public relations. The Council of the Town of Mississauga sent suggested criteria of a good applicant to the CRTC. No formal reply was received by the Council from the CRTC. The Council did not even get a formal notice that the licences had been issued until it was read in the papers. This type of public relations cannot help but anger the consumer. To them, the rather ad hoc decisions of the CRTC must seem inconsistent with the consumer interest.



Many of the problems that the CRTC has had in the past, with both consumers and broadcasters, could have been alleviated had the Commission printed an adequate explanation of why decisions were made. Although this would be time-consuming and perhaps expensive, consider the long run benefits which this procedure would produce. First, consumers and broadcasters could, from the detailed published decisions, obtain a list of priorities which appear to be consistent with successful applicants. This is necessary since the policy and the way in which this policy reaches its desired goal, via the market, appear to be two different matters. If, for example, the CRTC issues a public policy statement concerning CATV objectives, the consumer and the broadcaster would be able to see, by the acceptance or rejection of applications and their reasons, what constitutes a "good" application. Over a number of years, consistent guidelines could be set up. Although the Chairman has argued "if we wrote three or four pages of reasons for about 1,000 decisions we release every year, it would take three or four times longer and also those decisions are very difficult to write."<sup>13</sup> This point is valid, but the fact remains that an evaluation of the CRTC, on any level, becomes extremely difficult if the reasons for decisions are not published.

In general, then, there are two important conclusions that one can draw from the Mississauga case:

- (1) the consumer representative bodies appeared to have very little influence in the decision-making process of the CRTC;
- (2) the Broadcasting Act provides very little recourse for community groups who wish to contest a decision.



FOOTNOTESIntroduction

1. Although the subject of licence fees is not dealt with in the report, it is interesting to note the reactions of three full-time Commissioners of the CRTC when questioned in personal interviews about the possibility of selling licences to the highest bidder.
  - (a) Commissioner A was against the sale of licences by bidding. The possibility that monopoly profits might be gained by a licence owner did not concern this Commissioner. In fact, the statement was made that it was of no concern if broadcasters made "millions" of dollars as long as programmes kept coming out of radio and television sets.
  - (b) Commissioner B also was against the concept of bidding for licences. It was felt that the Commission should be most concerned with qualitative items when deciding who should become a licensee.
  - (3) Commissioner C felt that service provided should be the most important variable when making licensing decisions. It was noted that if bids were made and the monopoly rents were captured by the CRTC and not the licence holder, the Commission would then be put in a rather interesting position in that it would have to decide where the monies were to go. Now, this in itself does not seem too important but this Commissioner did point out that the Commission is in a much better position right now in that it can set general goals and then tell the operators to achieve the goals by whatever means possible. For example, the Commission can now tell a broadcaster that he needs to get 60% Canadian content, and it is then up to the broadcaster to decide how he is going to do it. If the quality of programming goes down, the Commission can then blame this on the broadcaster's lack of entrepreneurial ability rather than the basic policy decision. On the other, if the Commission gave out monopoly rents to stations to develop Canadian content and the content and the quality were not forthcoming, then people could come to the Commission and say, "You've spent your money in the wrong way," and this is the thing that the Commission wants to avoid.

It has been pointed out to the author that the capture of monopoly profits by the CRTC might also lead to a reduction in over-the-air advertising. This possibility has not been analysed.







## Chapter 1

1. Canada. Report: Royal Commission on Radio Broadcasting (Aird Commission). (Ottawa, 1929).
2. Canada. Committee on Broadcasting, 1965. Report (Fowler Commission). (Ottawa, 1965), p. 5.
3. Ibid., p. 11.
4. Ibid., p. 11.
5. Secretary of State. White Paper on Broadcasting. (Ottawa, 1966), p. 5.
6. Ibid., p. 5.

## Chapter 2

1. There is also an office in Montreal. An office existed at one time in Moncton, but it has been closed down.

The term "home" is used advisedly. It has been noted that "the Commission is notorious in Ottawa for its 16-hour working days." Canada. The Uncertain Mirror: Report of the Special Senate Committee on Mass Media, Volume 1. (Ottawa, 1970), p. 223.

2. All full-time members are eligible for re-appointment. Part-time members are appointed for a term not to exceed five years and are eligible for an immediate re-appointment for a second term but a third term must be preceded by a twelve-month period during which membership is not allowed. Removal from office is mandatory at age 70 or can be implemented "for cause". Broadcasting Act, Sections 5 and 6.
3. Mr. C. Cliche was a part-time member but resigned.
4. One individual has complained that the Commissioners seem only to represent the "self-styled intellectuals" and suggests "that 50 per cent of the part-time Commissioners should consist of ordinary working stiffs and their wives who want to relax in front of their television sets and do not want to be 'improved', preached at or propagandized." Letters to the Editor, The Globe and Mail, Tuesday, August 29, 1972, p. 7.
5. Broadcasting Act, Section 14 (4).
6. Broadcasting Act, Section 15.
7. Broadcasting Act, Section 23.



8. Canada. Debates: House of Commons, 2nd Session, 28th Parliament, Vol. II, p. 2092.
9. Canada. Debates: House of Commons, 2nd Session, 28th Parliament, Vol. III, p. 2531.
10. Canadian Radio-Television Commission, 1970-71 Annual Report, (Ottawa, 1971), p. 45.
11. This staffing diagram was extremely difficult to obtain. Mr. Gifford, the Director of Personnel, was extremely unwilling to give the author any information and did so only after a personal phone call from Mr. Juneau.

### Chapter 3

1. Broadcasting Act, Section 19.
2. Canada. House of Commons, Standing Committee on Broadcasting, Films and Assistance to the Arts, 2nd Session, 27th Parliament, p. 137.
3. Broadcasting Act, Section 24:121(b).
4. Canada. Debates: House of Commons, 2nd Session, 27th Parliament, Vol. V, p. 5684.
5. Canada. Senate Special Committee on Mass Media, 28th Parliament, pp. 26:54-26:55.
6. Canada. House of Commons, Standing Committee on Broadcasting, Films and Assistance to the Arts, 2nd Session, 28th Parliament, pp. 22:23-22:24.
7. Ibid., p. 22:46.
8. Ibid., pp. 22:48-22:49.
9. This particular phrase has appeared in the following speeches made by Mr. Boyle:
  - a. "Canada and Broadcasting," presented at a plenary session of an undergraduate Political Economy simulation course in the Canadian-American relationship, Department of Political Economy, University of Toronto, November 30, 1970.
  - b. "The Canadian Broadcasting System," presented at the Canadian Session of Associations for Professional Broadcasting Education Seminar held at Headquarters of National Association of Broadcasters, Washington, D.C., 6th November, 1970.



- c. "A Look on the Bright Side," presented to the Canadian Club of Toronto, Royal York Hotel, April 5, 1971.
  - d. "Our Communities--Our Country--Our Communications," presented to the Rotary Club of St. John's, St. John's Newfoundland, June 17, 1971.
  - e. "Conversation of Man," presented at Canadian Weekly Newspapers Association Convention, Vancouver, August 16, 1971.
  - f. "In the Matter of Regulation," presented at the Annual Atlantic Association of Broadcasters' Dinner held at Hotel Nova Scotian, Halifax, May 6, 1972.
10. "Problems of Regulation," a speech presented to "Communications in the Home," A Symposium, The Royal Society of Canada, National Library Auditorium, Ottawa, 26, 27, 28 March, 1972.
  11. Responses were not received from J. Hébert, J. Shanski and H. D. James.
  12. This information and that presented in the following four paragraphs was garnered in a personal interview with Mr. Spry.

#### Chapter 4

1. This change in procedure was initiated at the Halifax hearings in 1971.
2. In these cases, only the written presentations of those individuals or groups for and against an application are considered by the Commission.
3. Microfilms of transcripts were not available for public hearings after the Sherbrooke hearing.
4. Written interventions are also accepted by the CRTC. Two-hundred and forty-five of these were accepted during the time period in question, and of these, 72 were from individuals who appear to be consumers; i.e., the analysis of the transcripts indicated that these individuals had no governmental or business affiliation. Because of time constraints, an analysis has not been made of the source of and success of these written interventions.
5. The title, location, and dates of these hearings are as follows: (a) Extension of service, Moncton, September 25-27, 1968; (b) FM broadcasting, Montreal, June 10-13, 1969; (c) Proposed broadcasting regulations, Ottawa, April 14-22, 1970; (d) Cablecasting, Montreal, April 26-30, 1971.





6. Letters were not sent out to the Canadian Broadcasting League or the Canadian Association of Consumers as their role in representing the consumer has been analysed earlier.
7. Lazarus, F. and J. Onek, "The Regulators and the People," Virginia Law Review, 57 (1971), 1069-1108.

## Chapter 5

1. This analysis would be patterned after the work of Hogarth. See J. Hogarth, Sentencing as a Human Process, (University of Toronto Press, 1971).
2. All that is known is that in general, all policy decisions are approved by the Commission as a whole while particular licensing decisions are made by the Executive (the full-time Commissioners) after consultation with the complete Commission. Dalton Camp has suggested that in a few cases, political patronage might, in fact, have influenced decisions. (Toronto Star, January 31, 1972, p. 9.)
3. Verbatim transcript of CRTC public hearings in Ottawa, Ontario, February 4-6, 1969, pp. 687-689.
4. The collection of data used in this test and calculation of relevant ratios took one week. Because of the numbers of people in the 1-3 appearance categories, the time required for analysis of the universe of data would have been too great to allow successful completion of a more wide-ranging test within the allowable time limits.
5. For purposes of this analysis, the data for each appearance classification have been aggregated. Accordingly, the number of observations is 19.
6. This correlation coefficient could have been raised to .63624 if the success rate of Mr. B. MacDonald was included. Mr. MacDonald is the Director of the Secretariat of the CBC and he was successful 42 of 44 appearances. The datum for Mr. MacDonald was not included because it appears that most CBC applications are, in fact, non-controversial and win almost immediate approval.
7. Significance was assessed by first running simple linear regressions between APPEAR and each of the other variables in turn. The t-values of the beta coefficient was then compared to a significance table for a two-tailed Student's "t" distribution. A two-tailed test was used because we had made no a priori predictions about the signs of coefficients.



## Chapter 6

1. The search procedure was somewhat lengthy since some of the files were 10 volumes in length. The files searched represent 7% of possible TV files, 6% of possible radio files and 5% of possible CATV files.
2. Canada Gazette, Part II, Vol. 104, No. 12, p. 621.
3. This decision also directly affects CFRC, CFRC-FM (Queen's University), CJRT-FM (Ryerson) and CJUS-FM (University of Saskatchewan).
4. Results have not been cross-tabulated by Faculty or class of responder.
5. The following is an example of public ignorance of the CRTC:  
 "Dr. Thomas (part-time Commissioner, CRTC): Before I came here on Saturday, I was attended upon by a group of citizens of Northern Newfoundland and particularly from St. Anthony and presented with a petition. They asked me, in their simplicity and naivety, if I would take this petition to the Prime Minister, and in defence of them I can only say that the Chief Executive Office in Newfoundland has always been open to the irate citizen when he felt that he had a grievance, and so they felt that all they had to do was give the petition to me and I would deliver it to the proper person and their grievance would be rectified. However, it is not as simple as that, but I did promise them that I would present this petition to this Commission, if I would be allowed to do so." (Verbatim report of the CRTC public hearing held in Ottawa, April 15, 1970, p. 162.)

## Chapter 7

1. The following is an article on this policy which appeared in Tele-nation, Summer 1972, pp. 2, 5, 6.  
 "The thought of approximately 40 college and university carrier current radio stations operating outside the jurisdiction of the CRTC has been too much for the Commission to bear. Effective May 4, student carrier current radio (CCR) stations have been elevated to that lofty status of a broadcasting undertaking, alongside their big brothers of the radio industry, so that they now have to comply with all the provisions of the Broadcasting Act. CCR is similar to radio broadcasting except that, instead of an antenna, it uses the light and power wiring of buildings to distribute radio signals. These signals are transmitted or radiated for distances of from 20 to 200 feet; any radio located nearby or plugged into an AC wall outlet can receive that radio station. Under a literal interpretation of the Broadcasting Act, CCR qualifies as a broadcasting undertaking since CCR actually transmits radio





signals (via Hertzian waves) through the air, even though such transmission takes place over an extremely limited distance. Student CCR stations are owned and operated by student associations, not by the educational institutions themselves and thus there is no apparent conflict with the directive forbidding the granting of licences to a provincial or educational institution.

The advantage of CCR is that you are able to broadcast to an audience in a predetermined geographical location with negligible interference, if any, to existing radio stations.

Previously, CCR had been exempt from all licensing, requiring only approval by the Department of Communications for the type of equipment to be used.

This latest example of the CRTC's legislative stickhandling could be indicative of the Commission's approach to developing an overall radio policy for Canada.

No doubt this statement is a direct result of a study of student broadcasting begun over a year ago. However, it seems that once again the public is going to have to sit back and decipher a series of patchwork decisions and statements before understanding the Commission's policy and thinking on radio--especially the future of FM radio.

It now seems likely that the FM policy incorporating the concept of student broadcasting which was promised for the first of this year may, at this rate, never be announced.

Two sections of the two page statement give clues to the attitude of the CRTC toward student broadcasting:

'The Commission also recommends that the student operators keep a regular log, to familiarize them with station management, and as a convenience should special reports be requested.'

'In their programming, student carrier current radio stations are expected to reflect the interests and activities of the total university or college community in which they operate; to schedule a consistently high proportion of Canadian material; and, above all, to promote innovative programming which will explore and enlarge student interests.'

Monique Coupal, Secretary,  
CRTC, May 4, 1972

Many student broadcasters have been hoping for a statement regarding student FM broadcasting. Some existing student CCR stations have filed or are intending to file licence applications to operate FM radio stations. The Commission's non-policy for student broadcasters resulted earlier this year in an Order-in-Council directive to the CRTC giving permission to extend the licences of existing student AM and FM stations until May 31, 1974.

Like any good regulatory agency--when in doubt, retreat.

Thus, any decisions regarding student FM broadcasting can be postponed for another two years, during which time student broadcasters can earn their brownie points by learning station management and the licensing procedures of the CRTC.

The CRTC, which brought us Canadian Content and the Juneau Awards,





probably view with alarm many student CCR stations which are merely pipelines of pre-recorded music (mostly American), complete with beer commercials.

The reasoning behind the CRTC's decision to extend its mandate over student CCR is questionable. Is the CRTC protecting the "public interest" and "the local broadcaster", or does the Commission feel that only by regulation can student CCR best reflect the "interests and activities of the total university or community college"? It only serves to illustrate the mounting difficulties faced by the CRTC in defining its jurisdiction over broadcasting.

Regulation of broadcasting was originally required since there is a limited number of frequencies available for broadcasting; co-ordination was needed to prevent overlapping or interference.

Not so with CCR since it is essentially a closed circuit operation. I suspect that the only tangible result of all this will be a further proliferation of paper, red tape, and public hearings.

What should not be overlooked is the failure of the CRTC to come forth with a comprehensive policy for student broadcasting--and what about cable radio, MATV (and even Muzak)?

CRTC, you can do better than this."

2. Revised Statutes of Canada, 1970, 1st supplement, (Ottawa, 1970), pp. 373, 374.
3. Canada. House of Commons, 4th Session, 28th Parliament, Bill C-211, (Ottawa, 1972), pp. 21-27.
4. Both items (a) and (b) are required by law. See Broadcasting Act, Sections 20, 24, and 31.
5. Specific examples are available from the author.

## Chapter 8

1. We will not analyse the effects of the Commission's policies as to what priorities exist for the carriage of TV signals over cable. These relevant policies read as follows:  
 "First, a cable television system must carry signals in the following priority: local stations, regional stations, any other available CBC station, distant Canadian stations where reception is feasible, and programs different from those on the previous stations. If the province requests, one channel must be provided for educational programming when this programming becomes available.  
 Second, the Commission (repeats) that cable television systems must provide a channel for community programming." (CRTC, Annual Report, 1971-72, p. 21.)  
 Because of the limited capacity of cable systems and the increasing number of local stations in some areas, some U.S. stations are being dropped from the cable systems. The decision as to what U.S. channel should be dropped seems to be made by majority vote. In Toronto,



for example, because of the new French CBC station, it appears that Channel 17-Buffalo will be dropped. Channel 17 is an educational TV station with a literate and vocal following in the Toronto area. However, the commercial Buffalo stations appear to have a larger following.

2. A third reason has just recently arisen. It appears that some provincial governments want to enter the cable industry. Just how their policy decisions will "interfere" with CRTC authority is difficult to assess at this time. If, however, the provinces plan to effect some sort of cross-subsidization scheme, this will help rural consumers as it will enable them to receive cable service at reasonable rates.
3. Canadian Radio-Television Commission, The State of Local Programming, Summer 1972, Interim Survey, July, 1972, p. 1.
4. Comanor, W. and B. Mitchell, "CATV Regulation", The Bell Journal of Economics and Management Science, (Spring, 1971), pp. 154-212.
5. R. E. Babe, The Economics of the Canadian Cable Television Industry, a thesis submitted to Michigan State University in partial fulfilment of the requirements for the degree of Doctor of Philosophy, Department of Economics, 1972, p. 27.
6. Dr. M. Seiden, An Economic Analysis of Community Antenna TV Systems and the Television Broadcasting Industry, reprinted in Progress Report from FCC-1965, Hearings before the Subcommittee on Communications of Senate Committee on Commerce, 89th Congress, 1st Session, Ser. No. 89-18, pp. 51, 74 (1965).
7. Seiden does not include depreciation charges in his estimate of costs and accordingly, we would expect to find even greater economies of scale if in fact, depreciation was included.
8. Comanor and Mitchell, op cit.
9. Comanor, W. and B. Mitchell, "The Costs of Planning: The FCC and Cable Television", Journal of Law and Economics, (April, 1972), pp. 177-206.
10. Comanor and Mitchell, Bell Journal, op cit., p. 166.
11. Ibid., p. 173.
12. Babe, op cit.
13. Ibid., p. 38.
14. The following quote indicates that this small business bias has been supported in Parliament:



"Mr. Alkenbrack: ...My question is one being asked by hundreds of Napanee citizens, why is the franchise for Napanee being withheld? I note that there is at least one other application besides that of Mr. Dawson. I note that it is in the name of an Ottawa man, who has made an application to serve the towns of Prescott, Gananoque and my native town of Napanee. I contend, and I am sure all members of the committee will agree, that these franchises should go to applicants who are local, taxpaying citizens of these towns if they are able to perform the necessary service. The government has no right to grant these franchises to large syndicates which operate remotely out of larger centres, and which have no real local interest in a town like Napanee other than the acquisition of thousands of dollars or revenue per year. This revenue would be siphoned off to the larger centres and would not be spent within the local municipality. For that reason I repeat what I said last June 22." (Canada. Debates: House of Commons, 2nd Session, 27th Parliament, p. 6042.)

15. These facts were obtained in an interview with Mr. Riley.
16. N. E. Feldman, "Cable Television: Opportunities and Problems in Local Program Origination", Rand Report R-570-FF, (September, 1970), p. 7.
17. Only two cable systems are exempt from this ban on advertising--Fergus and Kirkland Lake.
18. This conclusion naturally implies that cable television companies would pass on any cost savings to the consumer--a rather heroic assumption, to say the least.

## Chapter 9

1. Canada. The Uncertain Mirror: Report of the Special Senate Committee on Mass Media, Volume 1. (Ottawa, 1970), p. 224.
2. Lazarus and Onek, op cit., p. 1107-1108.
3. During the time that this report was being researched in Ottawa, the only photocopying facility available to the public at the CRTC was a machine owned by the Canadian Cable Television Association which charged 25¢ per page.
4. R. A. Posner, "The Appropriate Scope of Regulation in the Cable Television Industry," The Bell Journal of Economics and Management Science, (Spring 1972), p. 127.





## Appendix I

1. At this hearing, representatives from Peel Community Services, the Peel County Board of Education and the Corporation of the Town of Mississauga appeared before the CRTC to express their opinions.
2. Metro was already licenced to operate a CATV undertaking in 1969.
3. Three companies were operating in Mississauga: (a) Metro Cable TV Ltd; (b) Maclean-Hunter Cable TV Limited; and (c) Terra Communications Limited. Of these three companies, only Metro had a licence.
4. Canada. House of Commons, Standing Committee on Broadcasting, Films and Assistance to the Arts, 4th Session, 28th Parliament, p. 5:6.
5. Ibid., 5:36.
6. This is not a far-fetched situation since, at the time of the Cabinet hearing, Keeble Cable was negotiating with Bell Telephone to buy 24 miles of cable that Bell had put into the area three years ago.
7. Canada. House of Commons, Standing Committee on Broadcasting, Films and Assistance to the Arts, 4th Session, 28th Parliament, p. 4:16.
8. Canadian Radio-Television Commission, Policy Statement, dated July 16, 1971.
9. Canada. House of Commons, Standing Committee on Broadcasting, Films and Assistance to the Arts, 4th Session, 28th Parliament, p. 4:11 ff.
10. In this type of situation Metro, the only company licenced to operate in Mississauga could have legally appealed their case under Section 23 of the Act.
11. Canadian Radio-Television Commission, Transcript of Public Hearing Held at Toronto, December 13-17, 1971, p. 78.
12. Canada. House of Commons, Standing Committee on Broadcasting, Films and Assistance to the Arts, 4th Session, 28th Parliament, p. 5:11.
13. Ibid., p. 6:19.



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